

# **EUROPE'S BUSINESS NEWSPAPER FINANCIAL TIMES**

No.30,646

Tuesday September 20 1988

## D 8523 A

### Burmese troops in ruthless drive to quell protests **Business Summary**

## Fears grow over health of **Emperor** Hirohito

World News

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The chief physician to Japanese Emperor Hirohito entered the Imperial Palace late last night as concern grew over the 87-year-old Emperor's bealth. He was running a fever-for the second consecutive day-"in the SSC (100.4F) range" imperial household sources

Television reports quoted overnment sources as saying the Emperor had vomited blood, but was resting quietly. All Tokyo television stations suspended normal programmes and carried live broadcasts from the palace. The Emperor's ... son, Crown Prince Akihito, went to the palace shortly after

### Botha-Kaunda talks Plans are afoot for a meeting

between President Boths of South Africa and Zambia's President Kaunda, to discuss ecent southern African peace initiatives. Page 24

### Messner resigns

Zbiegniew Messner, Poland's Prime Minister under fire for mismanaging the economy, offered his Government's res-ignation to Parliament. Page

Haiti coup aftermath Lt-Gen Prosper Avril began to form a new Haitian Government after toppling Gen Nam-phy in a weekend coup. The official US view on the change remained cautious. Page 4

### Grain talks fall

US and Soviet officials met secretly last weekend in Vienna to negotiate a new." grain pact but a US negotiator said no deal was reached,

### Israel Cabinet row

Israel's coalition faces a cabinet crisis before the November election over plans to cut the budget by 300m shekels (\$184m). Page 3



GOLD PRICE fell again on world markets and closed in London at \$409.50 a troy ounce,

### Gold Price

\$ per fine ounce in London Gen Saw Maung: seized power

450 L. Marting in 440 430 420 410

# Jul 1988 Sep

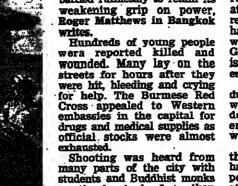
down \$2.50 on Friday's close and the lowest level for 18 months. Page 48 GLAXO, Britain's largest drugs

company, unveiled a 12 per cent increase in pre-tax profits and chairman Sir Paul Girolami said it was only a question of time before the group would top the world league table for pharmaceutical sales. Page 25

ITALY'S ENI state energy group is bolding talks with two or three of the world's leading oil producers which are aimed at achieving a joint, venture accord in the down-stream petroleum distribution

sector. Page 25 COATS VIYELLA, the largest textile group in Europe, saw its share price slide by 21p to 178p when it announced a fall, in ne tax profits from £81m to £78m in the first half of the

### year. Page 25 APPLE COMPUTER and Compaq Computer both launched high-performance personal computers in an assault on



TRUCKLOADS of heavily-armed troops moved through the streets of Rangoon yesterday, firing without warn-

ing into groups of demonstra-tors as the Burmese regime battled ruthlessly to retain its being driven from the streets. The 26-year-old regime's resolve to make a further attempt to crush the popular revolt which in the past month has made Burma ungovernable was signalled on Sunday when Gen Saw Maung, Defence Min-ister, was appointed to head an eutrely military regime.

The announcement of a dusk-to-dawn curfew has been widely ignored, as has been the demand that govarnment employees should return to Work.

There were reports during the day that student groups had taken over at least three attacked army vehicles, seizing rifles and ammunition. erecting barricades faster than the army could tear them down. A Western diplomat

Burma Radio continued to

broadcast military music, punctuated by warnings to the demonstrators. Later it said nine soldiers had been killed in described the situation as piti-ful, adding that he feared it could worsen as the demon-strators showed no sign of the street fighting. Monks were seen in several

locations pleading with the troops not to open fire and, according to one witness, appeared to have been partly

However, there were also reports of students and other reports of students and other demonstrators anassing a vari-ety of crude weapons, includ-ing petrol bombs, swords, and "jinglees" - sharpened bicycle spokes fired from catapults. Two opposition leaders, for-mer Gen Tin U and Aung Sang Suu Kyi, the daughter of the leader of Burma's fight for

leader of Burma's fight for independence from Britain, issued statements appealing for an end to the bloodshed. The violence in the capital

was the worst since the regime

last attempted in early August to reassert its authority hy force. The failure of that attempt, in which more than 1,000 people died, resulted in most of the army being withdrawn to barracks and a period of negotiation between the opposition forces and the regime.

Student leaders believe the regime took advantage of the relative cam to bring into Rangoon additional troops who did not have any family ties in the capital. They said that these men, from mainly rural areas, were less likely to question orders to fire on unarmed demonstrators.

There were also reports yes-terday of clashes in other Bur-mese cities, including Manda-lay. the second largest. However limited communications made it impossible to verify their extent or seriou

### Israelis launch satellite from secret site

Page 24

**ITALIAN PARTIES** 

Industry goes on the menu

By Eric Silver in Jerusalem

ISRAEL yesterday became the

eighth country to launch its own satellite into space. Officials insisted that its purpose was purely civilian, but the long-term implications will not be lost on Israel's Arab neighbourg

Arah neighbours. State television broke into a live transmission from sthe Seoul Olympics to announce the launch, which was shown on a later bulletin. The launch site remained secret. The satellite, known as Ofek

The satellite, known as Ofek (Hehrew for Horizon) One, went into an eliptical orbit ranging from 250km to 1,000km above the earth's sur-face, circling the globe from east to west every 90 minutes. It is meant to burn itself out after a month.

unconfirmed reports have suggested that Israel's Jericho II missile launcher was used.

The satellite is planned as the first of an experimental series under a programme esti-mated to run into tens of millions of dollars. Israel is by far the smallest

of the states to have proved themselves capable of putting satellites into space, and the only one in the Middle East.

The launch followed a week-end of rumours that Israel was ellite, although independent experts maintained that Israel could never afford the cost of collecting the level of informa-tion 24 hours a day that the Americans and the Soviet Union gain from their high-al-titude technology. Professor Ynval Ne'eman,

Professor Ynval Ne'eman, chairman of the Israel Space Agency, said last night the object was to test Ofek One in space. The agency wanted to see bow the materials and mil-lions of delicate parts with-stood the demands of extremely low temperatures and of operating in a vacuum. and of operating in a vacnum. It was also testing the solar energy system and the quality of transmission. Dr Ne'eman, an eminent

nnclear pbysicist and right-wing politician, said the Ofek programme had no defence

# Safra to establish **European bank** with \$1bn capital

By David Lascelles, Banking Editor; in London

MR EDMOND SAFRA, one of tional, the Wall Street investthe world's best-known hut least seen bankers, is to launch least seen bankers, is to faunch a large new banking venture in Europe aimed at the market for wealthy individuals. The new bank, Safra Repub-lic Holdings, will have nearly \$1bn of capital, up to \$300m of which will be raised by an issue of equity on the Euro-markets.

markets.

Mr Safra said in a rare pub-lic statement yesterday that he saw "a flourishing market" for private banking services, par-ticularly in the light of the European Community's plans for integration. in 1992 which

for integration in 1992 which would create the largest bank-ing market in the world. The core of the new bank will be created out of the Euro-pean operations of Republic ' New York Corporation, the New York-based bank in which the 56 year-old Mr Safra has a 25 new York abayesholding 35 per cent shareholding. These operations, which have hranches in Switzerland, France, Luxembourg, Guern-sey and Gibraltar, have net

ment bank. Mr Safra.will become chair-man of Safra Republic, and its dominant individual sharebolder by virtue of his direct personal investment, and indi-rectly through his interest in Republic New York, which will have 49 per cent. The public shareholders will own about 30 per cent, The new bank marks a return to the European market by Mr Safra who sold his first

bank, the Geneva-based Trade Development Bank, to Ameri-Development Bank, to Ameri-can Express in 1983 for \$520m. Since then his principal bank-ing interests have been in North and Sonth America, although he has other business interests in Europe. Mr Safra stressed yesterday that Safra Remublic will adout

Mr Safra stressed yesterday that Safra Republic will adopt the same conservative manage-ment policies which have char-acterised his other banking ventures: it will have a large capital base, a strong balance sheet and high liquidity. It will be aimed principally at

investments.

ama-registered bank holding make it more of a reveration of company. The rest of the capi-tal, some \$250m,\$300m, will be raised hy means of a public placement arranged by Shear-son Lehman Hinton Interna-

own country rather than foreigners. "We will try to give as much independence to each bank as possible," he said.

The new capital will consti-tute one of the largest Euro-eq-uity issues ever made for a bank. The underwriting group headed by Shearson includes Merrill Lynch, Salomon Brothers, Union Bank of Swit-carload S G Warhurg Bear zerland, S. G. Warhurg, Bear

Stearns and an international management group.

Mr Peter Cohen, the chair-man of Shearson, described the issue as "an opportunity to invest in Mr Safra." Although the market for bank stocks was poor at the moment because of worries about bad loan prohlems, he said he expected the Safra issue to be different. "Mr Safissue to be different. "Mr Saf-ra's record speaks for itself," be said.

Mr Safra, who lives in Geneva, has acquired a near legendary reputation in bank-ing circles for his ability to

several more banks. Republic New York, now his biggest hanking investment,

has grown in 20 years to be one of the largest and most consis-tently profitable in New York.

Sixth sense for the money,

Page 23

sharp increase By Andrew Fisher in Frankfurt WEST GERMANY'S trade surplus rosa sharply in the first seven months of this year,

surplus shows

W German trade

sand a reduction of "the high surpluses is not in sight." While imports rose by 4 per cent to DM246.3hn, exports expanded at 4.6 per cent to DM316.5bn. Because of its much higher than expected economic

than expected economic growth rate this year, Ger-many is unlikely to come under severe criticism at the forthcoming annual meeting of the International Monetary Fund in Berlin. Official and independent pre-

recent tightening of German monetary policy and rise in dictions are for growth this year of some 3 per cent after only 1.7 per cent in 1988.

"Germany will continue to see its trade and current account surpluses go up," said Mr Nigel Hugh-Smith, an econist with Hoare Govett, the

UK stockbroking firm. Moreover,"a lot of capital goods are not price-sensitive." The D-Mark's weakening against the yen this year had also given German exporters an edge over Japanese competi-

Also released yesterday were current account figures, show-ing a DM45.4bn surplus in Jan-uary to July, slightly up on the same period of last year. In July alone, exports were 3.5 per cent higher than a year

ago and imports only 1.2 per cent higher, leading to a trade surplus of DM11.1hn against DM9.9bn in July, 1987, and DM14.2hn in June this year. Mr Ulrich Ramm, chief econ-omist with Commerzbank, said the figures were "incredibly

The bank has criticised the

leading economists to forecast that the country could again come under pressore to stimu-late domestic demand in order to promote imports and

to promote imports and dampen exports. In the first seven months, exports exceeded imports by DM70.3bn (\$38bn), the Federal Statistics Office said, Mrs Petra Ott, an economist with Citibank in Frankfurt, said a reduction of "the high surpluses is not in sight."

Iceland President Vigdis Finbo-فافقا فحوارك والمرار gadottir asked Progressive Party leader Steingrimur Her-mannsson to form a govern-- . . second succession ment to replace the centre-right coalition which collapsed on Saturday."

> Soviet trade bid A delegation from Moscow

arrived in Manila to try to develop barter trade with the Philippines, Page 3

### Malay MPs rebel

made a final break with Dr Mahathir Mohammed, the Prime Minister, possibly to form a "grand opposition alli-ance". Page 3

### Kurds visit

The International Committee of the Red Cross sent two del-egates to Turkey at Ankara's request to assess needs of Kurdish refugees from Iraq. UN gas probe, Page 3

### Salvador paralysed

Leftist guerrillas fighting the El Salvador Government imposed the year's fifth transport ban on roads nationwide. Radio stations estimated effectiveness at 90 per cent.

### Tokyo tops the bill

Tokyo is the world's most expensive city, according to a Union Bank of Switzerland survey. Compared with Zurich (base = 100), an index put the Japanese capital top with 194.4, followed by Oslo 113.2, Helsinki 106.2, and Geneva 102.6.

### MARKETS

	10.000	. Annual submitteense
Germany	New York butchlime	STOCK INDICES
FAZ Aktien index	\$1.6785 (1.679)	New York tunchtime
520	London:	Dow Jones Ind. Av.
320	\$1.6785 (1.6755)	2,075.92 (-22,23)
	DM3.1375 (3.145)	S&P Comp
500		288.03 (-2.62)
	FFr10.6825 (10.685)	London:
	SF/2.65 (2.6625)	FT-8E 100
480	Y224.25 (225.0)	1,759.9 (-6.8)
	DOLLAR	World:
	New York kunchtkae	
2 Sept 1968 19		124.91 (Fri)
INTEREST RATES	FFr6.3495 (6.36)	Tokyo
US lunchtime	SFr1.57825 (1.581)	Nickel Ave
Federal Funds 87	4 Y133.575 (184.75)	27,901.0 (+34.62)
(81)	LONGINE	Frenklurt
3-mth Treasury Bills:	DM1.8695 (1.876)	Commarzbank
yield: 7.356% (7.38)	FFI0.3020(0.3/73)	1,565.2 (+22.6)
Long Bond: 1003	SFr1.5795 (1.5836)	
(101 2)	Y 133.55 (134.25)	OIL
yield: 9.044% (9.01)	QOLD	: Brent 15-day (Argus)
London	New York lunchtime	\$13.135 (-0.35) (Oct)
3-month-interbanic	Comex Dec	West Tex Crude
close 12.5% (sama)	\$415.4 (418.2)	\$14.475 (-0.22) (Oct)

IBM's stronghold in the corpo rate computing market. Page sonal investment of \$200m by Mr Safra himself, which he will

bursed in October, according to bank president Barber Cona-ble. Page 4

**ROBERT** Hohmes à Court, the Australian entrepreneur, denied that he had been in breach of Stock Exchange rules

when he bought shares in Standard Chartered shortly before announcement of last week's rights issue. Page 33

**PILLSBURY**, the US foods group which includes the Bur-ger King restaurants, is selling its 580-strong Godfather's Pizza chain to a buyout group led by management for undis-

**NEW ZEALAND** Government named Qantas, the Australian airline, as its preferred bidder carrier. Page 25

AMERICAN BRANDS, diversiled US cigarette producer, has vigorously dispelled specula-tion that it might buy Liggett Group, its competitor at the lower end of the US tobacco industry. Page 26 TURKISH capital market instruments sold through banks and intermediaries totalled 6,520hn lira in the

### assets valued at \$430m. To this will be added a per-

WORLD BANK is preparing to extend Argentina \$700m in fresh loans, probably to be dis-

closed terms. Page 28

for a 25 per cent stake in Air New Zealand, the state flag

period January-July 1988, up 127 per cent on the same 1987 period, the Capital Markets Board announced. Page 33

COFFEE producers and con-sumers started talks in London aimed at stabilising prices with some delegates optimistic that a price support deal could be reached.

### CONTENTS

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A Democrats pinion polis Prime Minister Ingvar Carlsson's aurprising- ly easy election win reflects the tanaclous loyalty of a large sec- tion of voters towards his party. It totally con- founded all the opinion poll findings. Page 2	Israel: Coalition faces cabinet crisis over planned budget cuts
Aria-Reviews 21 World Guide 22 Compositives 48 Crossword 40 Currencies 28 Followial Comment 22	International bonds 32 Stock Markets 49,52

generate wealth and attract well-heeled clients. Heir to a long-established Lebanese But much of the renewed growth has come from higher exports. banking house, his family has since dispersed to Europe and America, where they set up

Industry in Germany's leading trade partners - including France, Italy, and the UK - has been engaged on a mod-arnisation and expansion phase, which has benefited German exporters in the engi-nearing certor

neering sector. Next year, the surpluses could grow even more, according to some economists.

ward off inflation and strengthen the D-Mark, whose weakness has also benefitted application, although the authorities took a small group of local military correspon-German exporters. German policymakers might come under muted criticism at dents to observe the launch. Dr Ne'eman, said Israel was looking ahead to the commer-

ed both to

cial bonus of going into space. "It would be a terrible mis-take if Israel ignored a market the IMF meeting in Berlin, he "Germany has to do something to even out its surpluses. thet has already risen above A restrictive monetary and fiscal policy does not fit into the German economic landscape." Details, Page 2

\$10bn. At present we are con-sumers in that market. This satellite gives us the chance to go into lt as suppliers."

# Soviet reform confusion sends planning system towards chaos

wealthy individuals who are

concerned as much about the safety of their private wealth 'as obtaining a profit on their

The bank's operations in the

various countries will be man-aged by local staff, which will make it more of a federation of

### By Quentin Peel in Moscow

Mr Safra himself, which he will raise by Hquidating various money market holdings. The investment will be made through Saban, Mr Safra'a Pan-ama-registered bank holding company. The rest of the capi-tal, some \$250m.\$300m, will be raised by means of a public

THE HIGHLY-centralised Soviet planning system appears to have been reduced to a state of virtual chaos, with state enterprises flatly refusing to fulfil their plan "targets", because of the tentative intro-

replace them with alternatives. The Council meeting, partial reports of which have already been published, ended with Mr Nikolai Ryzhkov, the prime minister, saying: "If we do not succeed in coping with this 1969 plan, then we will have practically no hope of making up for omissions in the past." because of the tentative intro-duction of reforms. A startling picture of the breakdown of communications hetween Gosplan (the once all-powerful central planning authority), Gossnab (the state supply body) and individual factories and ministries has emerged from an extraordinary meeting of the Soviet Council of Ministers, summoned to fin-alise the 1999 plan. At the heart of the confusion is the reform intended drasti-cally to reduce the volume of production subject to "state orders" and to replace them with factory-to-factory trade.

reduce the volume of produc-tion firms are forced to sell to the central government. "A number of enterprises are either refusing to fulfil supply plans, or are considerably cut-ting back on them," Pravda said. "Discussion of the proborders" and to replace them with factory-to-factory trade. What has happened instead, according to an anthoritative report in the newspaper Pravda, is that enterprises are refusing to accept the state

# (economic) contract thee between enterprises have largely not been established, but vertical (administrative) ties have largely been broken: unilaterally disrupted." Examples quoted at the meeting included the produc-tion of electric trains, to be cut back by 31 per cent, and rail-

back by 31 per cent, and rail-way carriages by 23 per cent, compared with the plans laid

money to pay salaries?" Mr Ryzhkov asked the minister Ryzhkov asked the minister responsible. By fulfilling tha plan in rouble terms and increasing prices, he was told. The meeting was told by Mr Lev Voronin, chairman of Gossnab, that for 1,000 state-

controlled products, more than **Continued on Page 24** 

# LONDON DOCKLANDS

thought.

### OHE CITY ON THE WATERFRONT.

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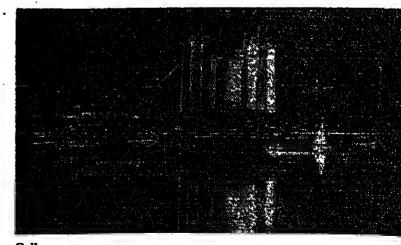
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orders, but have failed to lem revealed that horizontal replace them with alternatives. (economic) contract ties

down in the five-year plan. One factory intended to cut carriage production by 25 per cent next year. "But how does your factory intend to earn

**Ethnic violence flares, Page 2** 

# The main issue at the meet-ing was the failure of "many industries and spheres of pro-duction" to produce balanced plans, eo that total inputs match total ontputs. They appear to have rebelled against a system which on one hand has ordered widespread "self-financing" at plant level, but on the other has failed to reduce the volume of produc-

Blow to

image of

refugee

By Sara Webb in

SWEDEN'S reputation as one

of the world's most hospitable asylums for refugees has suf-fered a serious blow.

fered a serious blow. In a referendum on Sunday, the people of Sjöbo, a farming community in the southern part of the country with virta-ally no foreigners, voted over-whelmingly against accepting immigrants folded on them by the anthorities. Sjöbo residents maintain that foreigners would take

sjopo requests maintain that foreigners would take advantage of the local weifure and social services, and cause unemployment. Irosically, the area suffers from acute labour chortests

horteges. National politicians have

National politicians have sworn to place the xenophobes of Sjöbo in "political quaran-tine," The real fear is that other local authorities will fol-low the example. Discussions on whether to accept immigrants have already taken place in other local authorities both in the affinant south and in the affinant south and in the

affinant south and in the northern area around Pajala, a town with above-average anemployment and which recently shot to fume when its menfolk advertised abroad for marriage partners. The Sjöbo incident has proved a severe political embarrassment for the Centre Party, as it was their local

haven

Stockholm

### **EUROPEAN NEWS**

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# **Ethnic violence flares** again in Soviet republics

By Quentin Peel in Moscow

THE simmering ethnic tension between the neighbouring Soviet republics of Armenia and Azerbaijan blew up again on Sunday when 25 people were wounded in e bloody clash in the disputed enclave of Nagorny Karabakh.

Firearms were used in the clash, and 17 people taken to hospital in the worst violence reported since race riots in the Caspian city of Sumgait left 32

dead last February. The clash comes just one week after the re-launch of a general strike by ethnic and largely Christian Armenians in the general with is expansed the enclave, which is governed by the mainly Moslem republic

f Azerbaijan. The strike in turn was apparently sparked by the continu-ing flow of thousands of refu-gees between the two rival republics, in spite of efforts by the Soviet government, and the Communist Party leaders on both sides, to calm the situa-

Sunday's confrontation was reported last night by the official news agency Tass, in con-trast to a tradition of ignoring all such events and reporting

The agency said that "mass-scale fights" between Arme-nians and Azeris had broken out in the village of Khadzhaly

By William Dawkins in Brussels

PLANS to guarantee minimum

protection for the EC's 80m

users of plastic payments cards hung in the balance yesterday

after a meeting of senior Euro-

pean Commission advisers failed to reach a firm conclu-

sion over the controversial

**Ozal threatens** 

poll referendum

to resign over

By Jim Bodgener

in Ankara

The 17 commissioners will

scheme.

by the UK.

used on both sides."

used on both sides." It confirmed that tension had come to a head in Stepanakert in recent days, blaming trou-blemakers involved in "corrup-tion, bribe-taking and theft" for provoking strikes, a boycott of classes by teachers and stu-dents, an attack on the regional unblic prosecutor's regional public prosecutor'e office, and attacks on both

policemen and soldiers. The town has now reportedly heen eealed off with road-blocks, and Tass said all fur-ther railice, demonstrations and marches had been banned. Earlier reports said the trouble began when Azerbaijanis stoned and fired on a bus carrying Armenian students to

work as e construction brigade Although Tass said the situation had improved since July, when the Supreme Soviet in Moscow rejected a demand by Nagorny Karabakh to be transferred to the antbority of Armenia, the latest clash sug-

gests otherwise. More than 5,000 Azeri refu-gees are said to have fled Armenia in August alone, according to the local radio, and e considerable number have been settled in Shusha, inside the disputed Nagorny

outside Stepanakert, and protest at that move, feared as "firearms and side-arms were an attempt to dilute the Armenian majority in the region, that the general strike was

called last week. The entire region was para The entire region was para-lysed for three months earlier this year by a general strike demanding that Nagorny Kara-bakh be transferred to Armenia – a demand that was flatly rejected by the Supreme Soviet in Moscow, and the authorities in Baku, the Azer-baijan capital. Thousands of Armenian citi-

Thousands of Armenian citi-zens of Azerbaijan fled earlier in the year after a bloody race riot in the city of Sumgait, which left 32 dead. Since then, all attempts to calm Armenian fears have apparently failed, while the Armenian protests have fuelled countering resent-

ment among Azeris. Mr Gennady Gerasimov, the Soviet government spokesman, solid yesterday that the situa-tion in the region was once again "very tense," although he could not confirm details of the attack on the bus.

The ethnic tension in the Trans-Caucasns presents a acutely sensitive problem for Mr Mikhail Gorbachev, the Soviet leader, for it has blown up largely as a result of the hiberalisation and freer expres-Karabakh enclave. It was in sion be introduced.

## US puts pressure on Spain over bases

### By Peter Bruce in Madrid

THE US is putting Spain under intense pressure to reach e new agreement on the pres-ence of US forces that would strain, if not break, Madrid's 1986 referendum promise not to allow the introduction of nuclsar weapons into the conntry.

In a television interview Mrs Margaret Thatcher, the British Prime Minister, warned that Spain must accept fully the principles and conditions of the seven-nation Western European Union (WEU) including the modernisation of nuclear forces - if it wants its nuclear forces - If it wants its membership application to be approved. Mrs Thatcher is due in Spain on Thursday. Madrid and Washington have been hagging over drafts of a new bases agreement

since early this year when the US bowed to Spain's demand that it withdraw 72 F-16 fight-ers from their base at Torrejon near Madrid. It was thought then that agreement on a new treaty would be swift.

Instead, the negotiations at official level and led on the American side by the US Ambassador to Madrid, Mr Reginald Bartholomew, have dragged on with the two sides at loggerheads over whether or not nuclear weapons may be bronght into Spain. Mr George Shaltz, the US Secretary of State, and Mr Fransisco Fernandez Ordonez, the Smarich Evenism Minister EC credit card rules in balance

the Spanish Foreign Minister, have met hnt have heen unable to break the deadlock. In a controversial referen-dum in 1986, Mr Gonzalez campaigned for Spain's contin-

who also face difficulties with their bases in Greece and the Philippines, appear to have dug their heels in. Mr Bartholomew spent last week in Washington holding consultations on the issue. One way out of the present impasse might be for Spain to give ground on the two other issues dogging the talks: who has jurisdiction over US sol-diers who commit crimes in Spain, and what legal and con-

tory.

These varied conclusions Spain, and what legal and con-tractual arrangements should apply to local workers and come from a trio of economic. reports published yesterday by German banks. They coincided works contracts. But Spain's dilemma is that e flat "no" to the movement of

US nuclear forces through or higher surpluses to the detriment of the reduction of world economic imbalances sought

# Sweden's Social Democrats confound the opinion polls Robert Taylor reports on Sunday's election

HE Swedish general election on Sunday turned out to be e comfortable victory for the Social Democrats, confounding the opinion polls that had almost all predicted that Sweden was an predicted that Sweden was beading into e period of politi-cal instability where it would be difficult for any party to govern. In fact, the outcome emphasised the extraordinary durability of Social Democracy, domit the surgers of social Democracy, despite the summer of scandals

. - . 5 - - - - - - - - .

over the inquiry into the mur-der of the country's last prime minister Mr Olof Palme. minister Mr Olof Palme. The party polled 43.7 per-cent of the total vote, down by 1 per cent on the 1985 result and it has 156 seats in Parlia-ment, a fall of three. Mr ingvar Carlsson, the Prime Minister, praised the corresistional strangth of bis.

easy victory

Prime Minister, praised the organisational strength of his party for the victory – the Social Democrats retain one of the most professional grass-roots machines in the demo-cratic world. But his surpris-ingly easy success also reflects the tenacious loyality towards Social Democracy of a big sec-tion of the electorate. Over 42 per cent three years ago) and 20 seats in Parliament they won less than had been expected on the opinion poll evi-dence and failed to secure the tion of the electorate. Over 42 per cent of voters have voted. Social Democrat in every gen-

dence and failed to secure the balance of power. One of the mysteries of Sun-day's election is where their votes came from. A regional breakdown suggests they do best not in outlying rural dis-tricts hnt in larger nrban areas. Their best vote was in Gothenburg (79 per cent) foleral election since 1932, though only in 1968 did the party ever win over 50 per cent. A geographical breakdown of the Social Democratic vote last weekend suggests that the Gothenburg (7.9 per cent) fol-lowed by Stockholm (6.9 per cent). But they appear to have attracted electoral support party does best in the small and medium-sized industrial towns of the north and central regions of the country. Its weakest points are the big urban areas around Stockholm from ecross the traditional right-left spectrum and in larger numbers from the and Gothenburg, though the party did recapture power from the centre-right on Malmö city so-called bourgeois parties. In fact, the reformist Com-munist Party polled better

The Greens have arrived in the Swedish Parliament for the first time. But with 5.5 per cent than the Greens, winning 5.9 per cent of the vote (21 seats in Parliament), its best result. since 1949.

> sharply, while new foreign business jumped by 10 per cent in April-July over 1987. However, the weakness of the D-Mark had not only hindered the ironing out of differ-ences between surplus and def-icit nations, but also darkened the inflation outlook by raising

import prices, the central bank This year, the currency has fallen by nearly 16 per cent against the dollar, 7 per cent against the yen, and 4 per cent

overall against the currencies of 14 industrial countries.

no further tax cuts until 1990 and monetary policy has become tighter. Thus West-deutsche Landesbank expects Germany's growth rate to halve from 8 per cent in 1988 to only 15 per cent only 1.5 per cent. But the surpluses should rise further, as companies are-forced by slower domestic demand to seek more foreign husiness. Mr Nigel Hugh-

This has cost the Bundes-bank heavily. In the past five months, its net foreign assets

There is a real possibility of a new balance of forces inside Swedish politics in a red-green Swedish politics in a rec-green, bloc made up of the Greens, the Communists and the Cen-tre party bound together by a hostility to growth, the Euro-pean Community and the mar-ket economy. But it is doubt-full whether they can solidify into an effective force in Par-ignment. hament.

The election turned out to be a disaster for the right-wing parties. The Moderates won 18.3 per cent, down 3 per cent on 1985 and its worst result since 1976, giving it 66 seats, a decime of 10. But the real disappointment was for the Liber-als who under Mr Bengt Wes-terberg's telegenic leadership did so well three years ago. This time their vote fell from 143 per cent to 122 per cent (44 mette down by 7) seats, down by 7).

sears, down by 7. The other party in the cen-tre-right bloc — the Centre Party — saw a slight improve-ment in its support, up from 9.9 per cent to 11.4 per cent, but its seat allocation fell from 44 to 42. The so-called bour-geois bloc vote of 41.9 per cent was their worst performance. was their worst performance since 1944. Many of their losses must have gone to the Greens. The economic outlook for Sweden is rather uncertain. Sweden is rather incertain. Despite signs of overheating there are not expectations of any immediate moves to restrain the economy before the hudget in January but commentators believe that Mr Kjell-Olof Feldt, the Finance Minister, will have to damp down dowestic consumption

emparrassment for the centre Party, as it was their local branch members, led by Mr Sven-Olle Olsson, who pushed hard for the referendium, advo-cating the "No to: refugees" wote and distributing extremedown domestic consumption over the next few months as a way of stabilising the econrightist literature. "I regret very much the No majority. . . I think they have gone beyond the limits of decemcy," said Mr Olof Johans-son, the Centre Party leader. omy. In short, it looks as though in Sweden it is back to busi-

ness as usual.

Paris, Bonn in satellite look for next year, however, is less rosy. The world economy is expected to lose impetus and the D-Mark to gain both against the dollar and Euro-**TV** talks

By Paul Bette in Cavenne. French Guiana

THE FRENCH government hopes to secure one or possibly two West German television channels for its ambitious con-troversial TDP direct television broadcasting satellite pro-gramme; due to be launched at the end of next month.

French officials revealed they were conducting hectic negotiations with Bonn as well as with other potential French and foreign television opera-tors during a visit to the Euro-

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It is being promoted by Mr Grigoris Variis, the Greek Commissioner for Consumer Protection. Bnt the crucial question of its legal enforcea-bility has run into reservations from his two French colleagues at the head of the Brussels executive, including Mr Jac-ques Delors, Commission Presi-dent.

attempt at their weekly meet-ing tomorrow to decide the fate They want the plan to be presented as a recommenda-tion, which has almost no legal of the draft directive, which bas attracted flerce criticism from banking lobbyists and the Dutcb Government, supported force, rather than a legally binding draft directive, on the grounds that they do not wish

to stifle the fast developing electronics payments industry with unnecessary regulation. The directive would force card issuers to take full liabil-ity if holders lost their cards through no fault of their own.

Several card companies already do assume that level of liability, but they do so through contracts with card holders, rather than by law. They feel they should have the freedom to go on setting their tion between card issuers.

### Soviets stone-wall plan to improve Berlin air links By David Marsh in Bonn

THE Soviet Union appears to lin air links to try to improve-have given a generally nega- communications between the have given e generally nega-tive reply to an initiative by the US, Britain and France pro-

MR Turgut Ozal, the Turkish Prime Minister, has threatened to resign if voters in next Sunposing Improved air links between Berlin and other Euroday's referendum fail to back pean cities. The Soviet reply came him in moves to bring forward

own contract conditions, an important element of competi-

ued membership of Neto, while also promising that nuclear weapons would not be introduced into Spain. The Government knows that to flont openly the referendum promise could cause a political storm. But the Americans, who also face difficulties with their bactor in Graces and the

German growth beats forecasts By Andrew Fisher in Frankfurt WEST GERMANY'S economy continues to perform- more-

robustly than expected, but is set for a considerable slow-down in 1989. Later, as the "baby boom" generation plays an increasingly significant role in the economy, growth should pick up for the rest of the cen-

with the release of the July trade figures showing that Ger-many is still notching up

Invgar Carlsson: Surprisingly of the poll (compared with 1.5

The threat was viewed as a last-ditcb bid to rally his party and swing votes in a plehiscite which has been built up by the opposition into a vote of confi-dence in the Government.

Opinion polls last week pre-dicted a "no" vote of around 60 per cent. Voters will be asked to approve the necessary con-stitutional amendments to bring forward the local ballot

from March to November. Mr Ozal bas seid he will spell out his position in greater detail in a speech to be made on September 23 or 24.

**Opposition** parties have variously welcomed and criticised Mr Ozal's declaration. Professor Erdal Inonu, the leader of the main opposition Social Democratic Populiet Party (SHP), said it was geared to win votes. A senior SHP offi-cial, Professor Turker Alkan, was more explicit, describing the gambit as blackmail, with the implied threat of another military coup behind lt.

### Waste ship anchors near **Italian port**

A WEST German ship carrying 2,100 tonnes of toxic waste nobody appears to want weighed anchor outside the Italian port of Livorno yester day as authorities argued over what should be done with its cargo, Reuter reports from

Livorno. Italy. The Karin B has been turned away by several European countries since leaving Nigeria seven weeks ago with indus-trial waste illegally dumped in

the African country. Mr Roberto Benvenuti, Livorno's mayor, repeated an order late on Sunday for the Karin B to stay clear of the west coast city, despite a gov-ernment decree requiring the port to accept it. Port police said the ship was

anchored three miles outside the harbour.

A team of experts and doc-tors yesterday boarded the ship to inspect more than 100 barrels of waste and report on the uation in Kosovo. health of the shin's crew.

Police said the waste would stay on board until a programme for its treatment had been agreed

now a pejorative term – are raping Serbian women, pillag-ing Serbian property end On Friday the Italian cabinet aporoved emergency measures to deal with several ehiploads intimidating Serbs into leaving the province. It is also common of waste beading towards Italy, after failing to find a West to hear Serbs denigrate Alba-European country which nian culture and history. Yet those who criticise the would accept the Karin B.

response to e note from the three western powers handed to the Soviet Government at the end of last year. Although western governments are mak-ing no official comment on Moscow's rejoinder, it is unde stood in Bonn that the Soviet Union has taken a generally stone-walling stance on the proposals. The Soviet reply was made

known in West Berlin at the weekend, although the contents of the message from Moscow bave not been divulged. Bonn has been hoping for

movement on the issue of Ber-

A lbanians ln Kosovo, Yugoslavia's troubled autonomous province,

fear that ethnic tensions in the

region could lead to their being treated as second-class citizens

in the Yugoslev Federation if

their constitutional rights are taken away hy the Republic of

Serbia. Serbs in the province, for

their part, argue that if Serbia does not take control over Kosovo, they will feel e sense of hetreyel by their fellow Serbs in Yugoslavia.

Kosovo is one of two autono-

mous provinces of Serbia. Serb

demonstrators, along with Ser-

bla's political leaders, want to see a sharp curtailment of

and Serbs have been sharpened by events over the past two months, when mass demon-strations by Serbs have called

for armed intervention against the Albanians in Kosovo. The 1m ethnic Albanians,

whose province is constitution-ally linked to Serbia, however,

daily that a state of war exists

in Kosovo, that the Shiptari

- Serbian for Albanians, but

reaction to boost goodwill in the Federal Republic ahead of the visit to Moscow by Chan-cellor Helmnt Kohl next month.

western Europe.

The chances that the Soviet Uniou would take up the Ber-lin initiative – based on a speech by President Reagan in West Berlin in June last year – were, however, considered clim above all by Britain and slim, above all by Britain and France.

divided city and the rest of

ing for a more positive Soviet

Some officials had been hop-

After Western governments have had time to digest the Soviet reply, further exchanges of notes with Moscow are thought likely to try to keep going the momentum of the idea.

would be very amend to him to impose on the European body the same conditions now being put to the Americans. The "Platform of European Security Interests," a docu-ment adopted hy the WEU, says an "adequate mix of appropriate unclear and con-ventional forces" is essential ventional forces" is essential. Mrs Thetcher's remerks make it clear that Britain will not tolerate any conditions being set upon Spanish membership,

over Spain, or even at Spanish ports, could damage its appli-cation for WEU membership. by major trading nations. In the first seven months, the Mr Gonzalez is very keen to trade surplus rose by DM4.6bn join, hut experts believe it would be very difficult for him to DM70.3bn (£22.3bn).

Expressing satisfaction with the economy, the Bundesbank said the growth climate had undergone a basic change with the disappearance of the uncer-tainty apparent at the turn of the year.

In the first half of 1988, helped by the impact of mild weather on the building sector, real growth was nearly 4 per cent, though the second quar-ter showed no advance on the first. Industrial orders rose

have fallen by DM27.5bn. Currency reserves dropped by DM18.8bn through dollar sales to dampen the US currency'a rise, and foreign liabilities went up by DM8.7bn as the US parked with the Bundesbank the D-Marks it had purchased. Aided by their weaker cur-rency and their strong engi-

neering bias, German exporters have profited from the reequipment surge by European industry. Thus exports to EC countries rose by 9.5 per cent in the first half and by 5 per cent overall. The German economic out-

WIL Hoare Govett, the UK stockbro-kers, estimates only 1.8 per cent growth in 1989 and an increase in the trade gap. "Ger-man companies will be forced to look for markets overseas."

pean currencies. There will be

Presenting a more dynamic longer term outlook, Deutsche Bank predicted that German growth into the late 1990s would, at 3 per cent annually, be a percentage point higher, than the 1980s average. This would reflect the impact of post-war "baby boomers" in important levels of the economy, leading to a wave of new

business start-ups.

pean space centre in French Guiana, where the TDF-1 direct television broadcasting satellite is being prepared for launch on the Ariane space rocket on October 27.

Teledifusion de France, the state broadcasting agency, and the other promoters of the con-troversial French direct broadcasting satellite programme, are facing a race to find opera-tors for the five channels on the TDF-I satellite. Mr Michel Rocard, the Prime

Minister, has insisted on TDF securing adequate commitcasters for the satellite's five channels before giving the green light for the launch. The project has absorbed over FFr2bn (£187m) of public funds in the last 10 years. Only the new French state cultural channel, la Sept, has committed itself to the satel-lite. Paris hopes the Bundes-post will take one or possibly two channels on the French satellite programme to com-pensate for the failure of the West German TVSAT1 direct broadcasting satellite last vear...

Bonn is next year due to launch its second direct broad-casting satellite\_TVSAT-2, which was originally to act as the back-up satellite for TVSAT-1. The two countries are now discussing whether the French back-up satellite TDF-2, also due to be launched next year, will be able to pro-vide back-up for the German TVSAT-2. However, this raises a com-

plex question of available fre-quencies and would require France and Germany to negotiate with another country, probably Luxembourg, to secure the necessary frequen-Cles to enable the second French satellite TDF-1 to pro-vide back-up for both TDF-1 and TVSAT-2.

FINANCIAL TIMES

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weapon is the one remaining avenue," argued one historian. Any hope of this idea being included on the political agenda under the present eco-nomic and political climate, was, however, he sadly con-ceded, wishful thinking.

ethnic Albanians rarely give the Albanians e fair hearing in the Serbian or Serbian-influenced Kosovo press. Nor do they drive south from Belgrade to Prishtina, the provincial capital of Kosovo. There, a large and tightly-structured Albanian (Sunni Muslim) and small Serbian (Orthodox) peasant culture struggles to co-exist alongside majority.

an old, email and predomi-nantly Albanian intelligentsia and a recently-formed secular urban class. Ox-drawn carts trail along the roads and children play on the wayside while their Alba-

nian gasterbeiter (migrant worker) cousins flash past in their Mercedes and BMWs. see a sharp curtainent of Kosovo's autonomous rights because of alleged discrimina-tion by ethnic Albanians against Serbs. The conflicting views between Kosovo's Albanians and Serbs, have been sharped These young men, home from West Germany on holiday, are the Europeanised, secularised Yugoslav Albanians.

But in Kosovo, their fathers and grandfathers continue to don the plin, the traditional white skull-cap of the Muslims, while, in orthodox Muslim households, while women remain at home on land enclosed by walls. Strict patriarchal values and large fami-lies remain sacred among the Muslim Albanians.

find it hard to reconcile their own reality with what the pro-testors say and what the Ser-Behind the red-brick walls, Albanians bave retained a deep, historical mistrust of their fellow Serbs. blan press writes about the sit-The Serbian media report

"We try to get on with the Serbs," said Mr Koco Skendi, a small shop-keeper. "We are not driving them out. We live quietly here. We don't understand the lies and propaganda. Wa want to live in peace."

Kosovo's history has never-theless been far from peaceful. Its population, mostly Albanians who are descendants of the Illyrians, a pre-Roman tribe

from the western Balkans, Alhanian academic who points lived for centuries under Otto-man rule and for a brief period out that the ethnic Albanians were rarely compensated for land confiscated in the 1920s under the Hapsburgs and Serbs. Their history alternated between reprisal and serfdom, and 1930s. The law at the time guaranteed the colonists' posrebellion and subjugation. The session against any subsequent Albanians were rarely granted cultural or administrative autonomy despite being in the

Judy Dempsey, recently in Prishtina, Kosovo, reports on Serbian-Albanian tensions

Yugoslav groups locked in an unhappy marriage

When Kosovar Albanians fought for their rights in a bloody rebellion of 1913, they were beaten down hy the Serbs. There was e brief respite

Ethnic Albanians, whose province is constitutionally linked to Serbia, find it hard to reconcile their own reality with what the protestors say and what the Serbian press writes about Kosovo

under the Austro-Hungarian army (1916-1918) when the Albanians were granted some antonomy. This policy was reversed when the Serbs re-occupied Kosovo in 1918. That Serbian occupation

remains of considerable signifi-cance. It led to a new wave of Serbian settlers who were sent into Kosovo to "Serbianise" the region. During the interwar period, 17,600 Serbian families were settled and given land originally held by ethnic Alba-กเรกร.

It seems history is catching up with both sides.

The Serbs today say that the ethnic Albanians are trying to take awey their land. The Albanians deny this and refer to the post-1918 "colonial"

period. "In Kosovo, land rights are complicated," according to an

nic Albanians are after their homes and forcing them to leave. I think that what is at issue are traditional, peasant land rights," explained an Albanian historian. The Serbs also say that over

30,000 of their number have left Kosovo since 1981 because of alleged intimidation by the ethnic Albanians. An Albanian sociologist in Prisbtina argued that if an-

Albanian wanted to buy land, it was still customary first to approach his immediate neigh-bour, regardless of ethnic background. If the neighbonr refused to sell or wanted more

money, he continued, "the situ-ation can become difficult. Because of his large family, the

to him," he explained. "Undonbtedly, pressure forces the neighbour to sell,"

legal claims of former owners. Even if the Albanians tried to reclaim their land, they were unable to prove their rightful ownership owing to the structure of traditional peasant societies in which land. was often held in common. "The Serbs say that the eth-

said the sociologist, adding Albanian writer commented. Rather than channelling this fantastic explosion of Albanian that offers of gästerbeiter-earned money, coupled with poor economic prospects in the language, culture and identity into durable political institu-tions, which was possible netregion, are often enough to per-suade the neighbour sell up and go.

ther under Tito nor under the Just as the memory of the inter-war period lingers in the minds of older Albanians, so too the wave of anti-Albanian precent Yugoslav system, it was sucked into the whirlpool of nationalism. This culminated in the riots hostility is beginning to remind Kosovar Albanian intellectuals of the Rankovic of 1981 when young, educated, unemployed graduates and e politically-blind Kosovo Com-

munist Party called for Kosovo to be granted the status of a Republic, an idea firmly quashed by the then Yugoslav leadership. Mr Aleksander Rankovic was deputy to the late President Tito. As head of internal secu-rity after 1945 until his downfall in 1966, he pursued a ruth-less policy in Kosovo aimed at suppressing Albanian cultural, political and social rights while forming the province from Ser-bian Belgrade. Tito reversed that policy in 1965 – unleashing huge reserves of pentup, anger by nationalist ethnic. Albanians who took to the streets in 1968.

further sections of the younger Albanian unemployed intelle-gentsia who, Albanian writers What took place after 1968 revealed the weakness of Tito'e handling of the nationalist problem and the short-sighted-ness of the Albanian intellectusay, today resort to harass ment of Serbs. Many Serbs now believe the only solution to the Kosovo problem is full incorpo-ration into Republic of Serbia. als and leadership in Prishtina. Reverse discrimination became the order of the day. Instead of a carefully worked Albanian intellectuals shrug their shoulders. They know out policy of co-existence or

a kind of ghetto. It was, I think, a lost opportunity. Nobody looked for compro-mises or a modus-vivendi," an

Albanian wants the land next

power-sharing, Serbs became the underdogs and leadership by Albanians, often inspired by nationalist aspirations, became

their history. They do, however, see one way out of this history of cyclical instability and violence between the two ethnic groups. "The tool of political democ-

racy and not the nationalist weapon is the one remaining avenue," argued one historian.

the new status quo. "Instead of using our new university and educational institutions to look outwards, we looked inwards and created

As so many times before, what followed was a period of repression, recriminations and reprisals by the Serbian leader-ship in Belgrade. They, in effect, exercised power in the province through a malleable and weak Kosovo leadership. Such actions allenated even

### **OVERSEAS NEWS**

## **Douglas** lords it over Lange

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By Terry Hall in Weilington

MR ROGER Douglas, the New Zealand Finance Minister, has gone on the offensive following his victory over Prime Minister Mr David Lange who failed to sack him 11 days ago. In speech after speech he insists there will be no change in aco-nomic direction nor any relaxation of monetary policy

There is however widespread public confusion following the hittar power struggle, the depth of which is only now becoming known. Some eco-nomic forecasters, newspapers and market insiders argue that there are ample indications that the Government has soft-ened its economic policy.

Despite this Mr Douglas is displaying his old cockiness with the apparent backing of-most of the Cabinet. It is still too soon to see how his Lange-appointed aides, Mr David Cay-gill and Mr Mike Moore, will act to modify his policies as Mr Lange wants Lange wants.

Mr Lange, in a heated Cabi-net meeting on September 8 following the Labour Party conference from which he had emerged as the triumphant figure, tried to assign Mr Douglas to another portfolio. There has been a long-stand-

ing public rift between the two and Mr Lange is known to want to moderate the Douglas economic policies which have been blamed for soaring unem-ployment, a trade union backlash and Labour's slide in the polls.

I you want to be a sports superpower you have to churn out Olympic swim-ming stars, which is why an American and an East German swimmer won gold medals in the Second Olympics yesterday and no one even blinked. Instead, the herces of the day were a Briton and an Ame-Mr Lange wanted to replace Mr Douglas with the more pragmatic Trade and Industry and Health Minister, Mr David Caygill, who is more popular with the party's left wing, over Mr Douglas's refusal to implement reforms of public hospi-tals. But Mr Douglas refused to resign and Mr Caygill then declined to accept the post. In a compromise Mr Lange appointed Mr Caygill and Mr Moore, Minister of External Relations and Trade, as deputy finance ministered finance ministers. Mr Douglas's evident buoy-

ancy since the crisis Cabinet meeting suggests he feels increasingly secure.

The power struggle over the past month has left money and financial matkets volatile and nervous, and has led to a weakening of the dollar. 1.5

ISRAEL'S divided National Unity coalition faces a cabinet crisis before the general elec-tion on November 1 over Treasury plans to cut this year's budget by 300m sbekeis (2110m).

By Eric Sliver in Jerusalem

Mr Mosbe Nissim, the Finance Minister, is demand-ing an across the board reduc-tion of 1.3 per cent-from all departments and is proposing in slish growmant cubeidies to slash government subsidies on food, water and public transport by up to 30 per cent. The measures are to be debated in cabinet at the week. already registered their opposi-

tion. Mr Yitzhak Navon, Labour's Minister of Education, is threatening to resign rather than cut his already strained budget. Further reductione would mean closing schools as early as 10am and would force many of Israel'e best academic minds to emigrate. Mr Nissim, a Likud minister, told the cabinet on Sunday

that cuts were imperative after a series of unforeseen develop-ments had increased the budget deficit. These included an increase of 110m shekels for the defence and police budgets



she Nissim: wants to slash subsidies by up to 30 per cent

to put down the Palestinian nprising in the occupied West Bank and Gaza Strip. At the same time the Gov-

the price of milk and other dairy products would rise by 30 per cent, eggs, poultry and public transport by 15 per cent, water by 10 per cent and bread by "a few percentage points". Officials did not say when these cuts would come into ernment had to compensate farmers to the tune of 60m to force, but Mr Nissim can be 100m shekels for damage from an early summer heatwave. Israel had also increased subsiexpected to seek a measure of cabinet consensus to limit the dies by 110m shekels to com-pensate for a rise in the price of imported grain. This coincided with an eco-

ties between the superpowers after the boycotts of the last 12 years would mean the worst.

Once the buildog had stirred, the kangaroo followed, with Duncan Armstrong of Australia powering to an even

more heart-thumping win in the 200 metres freestyle in a world record time of 1 minute 47.25 seconds.

Second was a Swede. Third was Matt Biondi of the US, who is still expected to win

electoral damage. Whether Labour ministers will co-oper-ate depends on his power to convince them that the alternative would be worse for both

nomic slow-down, caused parties.

Israel faces cabinet crisis Red Cross may probe over planned budget-cuts gas claims By Andrew Gowers in London and William partly by the disruptions of the Palestinian uprising on produc-tion and sales, which reduced tax receipts by 450m shekels. **Duilforce** in Geneva

THE United Nations Secretary-General, struggling to mount an investigation of charges that Iraq used chemi-cal weapons against its Kurd-isb minority, is considering asking the International Com-mittee of the Red Cross (ICEC) to do the work on his behalf. Bnt the chances of an

But the chances of an inquiry now proving the use of poison gas or of UN Security Council action against Iraq over the allegations eppear to be fast receding, despite repeated statements from the US Administration that it has conclusive proof to support the charges. Any symptoms of charges. Any symptoms of chemical weapons use will almost certainly have faded hy

the time an inquiry gets Mr Javier Perez de Cuellar was asked by several Western countries to set up an inquiry last week, but his task has been hampered by the refusal of both the Iraql and Turkish anthorities to admit a proposed UN team. Turkey, which said it would not welcome a UN team, has indicated it would allow a visit to Kurdish refugee camps by the Geneva-based ICRC.

## Civil war fears greet | Malay MPs **Beirut power crisis** By Tony Walker In Damascus

Moslems fear that the crisis may basten the permanent division of the country into

Moslem and Christian enclaves. This is the most seri-

ous crisis since independence,"

A STALEMATE in efforts to of the Lebanese forces, of havselect a new President for Lebing entered into written agreements with the Syrians to anon is threatening to bring about a formal division between the country'e Chrismake "excessive concessions" to the Moslems in Lebanon. tian and Moslem sectors and Mr Murphy was reportedly plunge the country back into told in his discussions with various Christian figures, including Mr Gemayel, that Mr civil war.

In Damascus yesterday, Syr-ian officials held discuseions Daher was unacceptable. Syria has been seeking reforms of Lebanon's antiwith Lebanese leaders, includ-ing the acting Prime Minister, Dr Selim al-Hoss, and the reforms of Lebanon's anti-quated power-sharing arrange-ments that favour the Chris-tians. Under Lebanon's unwritten covenant, dating from independence from Speaker of Parliament, Mr Hus-

sein Husseini. This follows the rejection on Sunday hy Christians of a com-promise presidential candidate agreed to in five days of talks France in 1943, the President must be a Maronite Christian, the Prime Minister a Sunni Moslem and the Speaker of Parliament Shi'lte Moslem. Moderate Christians and

agreed to in five days of talks in Damascus between Syrla and the US. Mr Richard Murphy, the US Assistant Secretary of State for Middle East Affairs, flew to Beirut from Damascus on Sun-day to propose Mr Michel Daher, a little-known Christian parliamentary deputy from north Lebanon as a replace-ment for President Amin ment for President Amin Gemayel, whose term expires on September 23. Both the hardline Christian

said a prominent Christian who has been involved in attempts to find a replacement for Mr Gemeyel. Lebanese forces militia and the If Mr Gemayel were to appoint a new government beaded by a Christian its writ would he unlikely to extend Christian commander of the Lebaneee regular army emphatically rejected Mr Daher, Mr Daher was accused by Samir Geagea, commander further than about one-tenth of Lebanon's total land area.

# make final break with Mahathir

## By Wong Sulong in Kuala Lumpur

A GROUP of 15 Malay MPs from the defunct former ruling United Malaye National Organ-isation has made a final break with Dr Mahathir Mohammed, the Prime Minister, by telling the Speaker they would be calling themselves independents. The move, led hy Dr Mahathir's arch-rival Tengku

Razaleigh, is seen by some as the heginning of a "grand opposition alliance". Dato Rais Yatim, a former Malaysian foreign minister and now Tengku Razaleigh's dep-

uty, said when the group won a decisive victory at the Johore Baru parliamentary by-election last month that it was willing to meet to end the hitter power struggle within UMNO. Dato Rais said that while Dr

Mahathir had said he was pre-pared to talk, he nevertheless announced the constitution of his own party, New UMNO, last week. The 15 dissident MPs were excluded from its membership, and the rules of New Umno are such that it is virtually impossible to chal-lenge the incumbent president, Dr Mahathir,

The Razaleigh faction bad no choice but to strike out on its

own, he said. Tengku Razaleigh's support-ers say they can count on the support of the Party Islam and support of the rarty Islam and the Chinese-based Democratic Action Party, and possibly a few East Malaysia parties. The DAP and the Party Islam, while representing oppo-site ends of Malaysia's political scale belowd Tenryky Brza.

scale, belped Tengku Raza-leigb's candidate in the Johore Baru by-election, and are expected to do so again at the Parit Raja by-election next month.

The Razaleigh faction, the DAP and Party Islam control more than 40 seats in the 177-seat parliament, Dato Rals said more Malay MPs, including former deputy prime minister, Datuk Musa Hitam, were expected to join soon.

He said many had not supported Tengku Razaleigh because of an element of fear". But if the Razaleigh faction won at Parit Raja, a mostly Malay constituency, it would convince them there was a viable alternative to Dr Mahathir,



Mr Nissim warned his col-leagues that a bigger budget deficit would trigger inflation.

ary expectations and boost the balance of payments deficit, thus jeopardising the recovery achieved since the unity gov-

ernment took office in 1984. Inflation has fallen from 400

per cent to 16 per cent, but at the price of a painful squeeze on public services.

Cabinet services. Cabinet approval is not required for the other half of Mr Nissim's packaga – the subsidy cnts. The Treasury announced at the weekend that the price of milk and other doing and use her and the her a her a

accounting for no fewer than 38 gold medals out of a total, in Seoul, of 237 Olympic gold medals - only four fewer than

the number in athletics. As a sub-total, swimming alone accounts for 31 golds.

British bulldog makes waves among superpowers Swimming golds for Britain ere exceedingly rare. Since Moorhouse was in sixth place 1896, Britain has only won 13 and trailing Volkov by 1.3 secswimming golds in total, though it has won 20 silver and 23 bronze. The gold medal won by David Wilkie in the 200 metres breast stroke in 1976 was the first by a British male swimmer since before the First World War, though Dun-can Goodhew repeated the trick in the 100 metres breast stroke in 1980. Such was the historical man-

acle that Adrian Moorbouse along with the ultra-skimpy hriefs, verging on undity, and total absence of body hair that

male swimmers favour. Moorhouse is articulate and likeable. He has had his share of disappointments, not least in Los Angeles, four years ago, but is made of stalwart stuff. And so be has to be, because his start yesterday was almost mesmerisingly slow.

in a time that was only 0.39 seconds ontside the world record.

At halfway - 50 metres freestyle - a victory made all the more plouant because of the presence at the poolside of onds, virtually an eternity in Anstralia's irrepressible Dawn Fraser, the only swimmer ever to bave won three gold medals in one event – the 100 metres freestyle in the Games of 1956, 1960 and 1964. 100 metres breast stroke. But his strength is his finishing speed, particularly over the last 50 metres. As Volkov tired, Moorhouse surged home, beating Guttler hy a fingertip While Moorhouse and Arms

While Moorhouse and Arms-trong were striking a blow at swimming history, the future was represented by Janet Evans of the US, who simply left her opponents gasping in the 400 metres medley. Evans is 18 years old. She bolds three world records. Trainers in the Eastern Bloc, West Germany. China and After his victory, Moorhouse said that be had barely slept in the preceding 48 bours. in the preceding 48 bours. "The day was very long. We had never swum a final like this the day after the beats. These have been the longest 24 hours of my life. The last 50 metres are the key to my rac-ing. Strength pulled me through in the end." When he accepted his medal, he was gulbing back tears. West Germany, China and Anstralia are said to brood about her. She can swim the 400 metres freestyle in a faster time than male swimmer Mark Spitz's world record time of

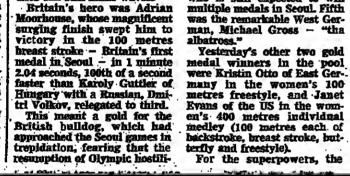
Spitz's world record time of 1968. In the Olympic battle of the superpowers, which is only just beginning, she is worth her weight in gold. gulping back tears. Strength was also the key to Duncan Armstrong's win for Australia in the 200 metres

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WORLD TRADE NEWS

were Arisin Otto it Last Ger-many in the women's 100 metres freestyle, and Janet Evans of the US in the wom-en's 400 metres individual medley (100 metres each of backstroke, breast stroke, but-terfly and freestyle). For the superpowers, the

fann e rave in 12th and 1 of 



lay were a Briton and an Aus-

tralian, who slew numerous giants between them and showed that the little coun-

tries can still make waves.

IN SEOUL Olympic aquatics - swimming. diving, synchronised swimming and water polo -are of the utmost importance,

# **Caution urged** on trade with Iran and Iraq

### By William Duliforce in Geneva

COMPANIES HOPING to it notes that export credit renew or expand business in agencies are still not ready to the Gulf should discount an early peace agreement between Iran and Iraq and make sure that they can offer project and trade finance. These are two of the main conclusions emerging from the study of business opportunities

conclusions emerging from the study of business opportunities after the Iran-Iraq ceasefire being undertaken by Business International (BI), the information and advisory agency. A final report will be ready

in mid-January. BI executives working on the

study are convinced that both countries will continue to spend heavily on arms. Prudent corporate planners will: keep in mind the possibility of a new outbreak of fighting in two or three years, according to Mr John Townsend, the BI Vice President responsible for Middle East client services.

The main commercial oppor-tunities will come in the oil; gas and petrochemical fields as both the former combatants seek to maximise export revenue and revive development programmes. Iran with annual food imports of \$3.5bn should also offer openings to food suppliers.

However, BI warns, the name of the game will be credit. With Iraq already carry-ing a debt burden of some : \$65bn and Iran facing a tough: cash flow problem; the message is: "If you want to do business, find the finance."

This may not be easy. BIclaims to have been inundated with requests from companies for advice about how to resume business, but finds little or no interest among bankers, while

They believe that Iraq is ready to "throw down the gauntlet" to the Organisation of Petroleum Exporting Coun-tries by insisting on producing as much oil as it can

Iran is stated to be more likely to go for long-term bilat-eral. arrangements. with oil importing countries, similar to that it has succeeded in impos-

ing on Japan. But, BI exacutives say, Japan, in principle a major potential investor, may already be having second thoughts about its inture ties with han. West Corners may have the West Germany may have the best prospects in Iran, according to BL With 80 companies already established in the country, it is currently Iran's

Aviation has ordered an 18-seat

To be delivered from its Prestwick plant at the end of November, it will be used to

leading supplier of goods and development projects. John Wicks adds from Zur-ich: The Swiss company Zimex

Jetstream 31 aircraft from British Aerospace.

ferry senior United Nations personnel between Baghdad and Tehran in connection with

UN peacekeeping operations in Iran and Iraq. Zimex will operate the new Jetstream as part of a project financed by the Swiss Governbase at Subic Bay.

towards Philippines By Richard Gourlay

est £300m credit arrangement for China suggests that it has learned to apply the technique A TRADE DELEGATION from A TRADE DELEGATION from the Soviet Union has arrived in Manila for a ten-day visit to try to develop barter trade with the Philippines whose main economic ties have his-torically been with the US The delegation, led by Mr Eugheny Shkurenkov, of the Foreign Economic Relations Department is also expected fiexibly in a relatively short period of time. Officials at the Overseas Development Administration say the new loan, which Mr Christopher Patten, ODA Minister, is to sign in Beijing this morning, incorporates a num-ber of improvements on the Department, is also expected to try to move talks forward on four joint ventures in existing £300m credit line due

which some Philippine offi-cials have expressed interest. The trade mission, requested by the Soviet Union, according to sources in Manila, comes as relations between the US and the Philippines have reached a low point following a deadlock

in talks over compensation for the next two years for Ameri-can use of strategically impor-tant military bases. The mission arrived in Manile day effective Day finance to suit the needs of individual projects. The UK aid establishment

Manila a day after Soviet Pre-mier Mikhail Gorhachev relaunched a 1966 initiative to improva Soviet relations in Asia. His speech in Krasnoy-arsk included a proposal that Moscow would etop using a major naval base in Vistnam if the US eliminates its bases in the Difference

the Philippines. Trade between the two coun-tries is modest. The Soviet Union has so far failed to win official approval for joint ven-tures to rehabilitate the Nonoc nickel mine and to build a power station as well as pro-vide business for ship repair facilities close to the US naval

Moscow also wants to use port facilities in the city of Cebu for its Pacific fishing fleet, which would also require landing rights for Aeroflot.

# US move on Canada free trade

ment

### By Nancy Dunne In Washington

THE US SENATE last night refusing to approve the pact was expected to approve over whelmingly a sweeping free which could be called this trade agreement between the week for 50 days later. US and Canada, which would Although the FTA has been eliminate all tariff barriers between the two countries within the decade.

The final decision on the treaty will fall to the Canadian voters. The Canadian Senate is

until after a general election, which could be called this

barely noticed by American voters, it is a controversial issue among Canadians who fear that it would lead to economic and cultural domination by the US. · · · · · ·

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If it goes forward, the agreement is expected to open up ruary - at an annual rate of new trade and investment opportunities between the two neighbours. Eighty per cent of Canada's exports to the US and 3m tonnes a year. According to the protocol

signed in Ankara on Sunday 65 per cent of US exports to Canada are already tarifffree. by Mr Rusdu Saracoglu, the governor of the Turkish cen-tral bank and his Libyan coun-But other goods may well be traded if the remaining high terpart, Mr Recep Zarruk, Libya will offer one-year credit tariffs are removed.

BITAIN is a relative nov-ice in the business of providing soft loans to be reduce the overall cost of a developing countries, com-pared with some of its competi-tors, such as Japan. But its latgiven project and the balance is financed on normal commer-

cial terms. Indeed the existing China loan which was established in 1986 is one of only two major soft loans to which the UK Government has ever agreed.

The other was a £140m line to Indonesia which expires at the end of the month and is to be replaced by a new £100m pack-At one level the new China

loan thus confirms the UK's willingness to overcome its reluctance to provide soft to expire early next year. That loan established a fixed 20-year maturity and 5 per cent interest rate for all credits loans. Of more practical importance to exporters, however, could be its more flexible techdrawn under its provisions. An innovation in the new deal is nical provisions. The hope is that these will boost UK sales that it will allow for flexibility to China, which are running at in both maturity and interest rate to make it easier to tailor less than a quarter of those from West Germany.

Agreemant on the changes followed negotiations in London this summer between the has long had a reputation for harboaring dislika of soft loan arrangements which officials UK and a Chinese delegation led by Mr Liu Zhi Cheng, Deputy Director of the Ministry of Foreign Economic Relations see as storing up budgetary trouble for the future because and Trade.

Taken together they incorpo-rate ideas put forward by both they involve a long-term com-mitment to provide interest sides in the light of their expe-rience with the existing loan. Besides the flexibility on inter-They are generally thought to prafar mixed credits

### Libya and Turkey sign protocol to expand trade By Jim Bodgener in Ankara

subsidie

TURKEY and Libya have terms for exports, paying 45 signed an economic protocol which provides for an increase in Turkish exports to \$500m and the settlement of Turkish contracting debts. It follows from a visit by Mr Turgut Ozal, Turkey's Prims Minister, to Tripoli from May 28 to June 1

An agreement signed at the end of Mr Ozal's visit permitted Turkey to resume crude oil liftings from Libya - stalled over payment terms since Feb-

Discussions on the latter between the Turkish Petroleum Refineries Corporation

(Tupras), and its Libyan equivalent remain secret, for fear of offending Opec pricing and production sensitivities.

A team of Turkish bankers will leave for Lihya soon to negotiate letters of guarantee on behalf of Turkisb contrac tors, which Tripoli has refused to accept in the past, seeking guarantees from international banks instead.

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TOP EXPORTERS TO CHINA IN 1987 (\$m) Japan W.Germany Australia France UK

est rate and maturity they include:

loan or a mixed credit basis. Paradoxically, China has indi-cated that for some projects it prefers mixed credits rather than soft loans. The option of having either is thought likely to give the UK an advantage over countries snch as Japan which traditionally operates its trade-related aid scheme through soft loans and France which concentrates almost exclusively on mixed credits. • An understanding that Britain will hold back from making aid offers for any given projects notil negotiations bave reached an advanced stage. This will avoid the risk of tying up funds under the credit for projects which in the

ture under the new Chinese loan should not lead to a need to increase the Aid and Trade extra finance might be negoti-ated if the £300m were used up before the availability of the Provision special hudget for such deals. The ATP budget in the current year consists of

Malaysia and Norway in adhesives deal By Karen Fossii in Oslo

DYNO INDUSTRIER, the diversified Norwegian industrial group, yesterday announced plans to bring on stream next spring a NKr7m adhesive production plant in Seremban, western Malaysia.

Annual production will start at between 12,000 and 15,000 tonnes but will reach capacity of 25,000 tonnes by 1990. The new plant will bring

Dyno's total annual adhesive production np to 425,000 tonnes.

The plant is to be jointly owned by Dyno's subsidiary The Dowty equipment, made at its Waverley division in Weymoutb. Dorset, will be deployed initially on training vessels manned by the US Dyno Singapore which will have a 51 per cent share while 49 per cent will be divided amongst Malaysian plywood producers and local investors. Naval Reserve. It is the company's first such

credit line expires in three £66m for mixed credits and £20m for soft loans. vears' time. According to the ODA these

Mr Manning adds that expe-rience under the current loan "has been pretty positive." The largest contract it bas helped factors mean that it will not be possible for the Government to predict with certainty precisely how much aid cash will flow to China over the next three finance was the sale hy GEC earlier this year of equipment to the Yucyang power station in central Cbina which involved finance worth some £175m. A further £45m was accounted for by the sale of container ships to the China, Ocean Shipping Corporation and £28m by the Bohai alumin-

ium plant. By the time of the loan's expiry next year an additional slice of money is expected to be made available to Bohai under a contract now being negotiated by Davy McKee, which means that after an admittedly slow start the funds will have

been fully used up. Already enquiries are flow-ing in from exporters about the availability of money to finance contracts under the new arrangement but no indi-vidual promises have been made. The bope is to use the line to fund projects that would not get off the ground without aid money so as to provide an additional stream of exports which will help lift Britain higher up the league of major Western exporters to China.

## US to buy British sonar minehunting equipment

By David White, Defence Correspondent

fitted with British minehunt-

through contract won by the

Dowty engineering and high

The US Government deal,

which will be worth about \$7m

if all the options are taken up, is for the US Navy's "Craft of

Opportunity" programme under which fishing boats and

other vessels will be able to

take on a mine-detecting capa-

technology group.

bility.

However, according to Mr

contract in the US, and was US VESSELS are due to be won against US manufacturers ing sonars for patrolling coastal waters, under a break. including Klein Associates. which recently beat Dowty in a similar competition in Austra-

> The deal reflects the increased importance being given to mine detection in the light of the Gulf conflict. Other countries, notably Singapore, are known to be keen to strengthen their capability in this field.

Dowty is initially to supply seven sonars but there are options for a further 52.

The so-called "sidescan" sonar equipment consists of a lightweight "towfish" unit. towed by the vessel, and an onboard signal processor and thermal printer,

per cent of transactions in advance, and the remaining 55 per cent over one year. Under the protocol, Libya has agreed to pay Turkisb con-tractors in oil but has not agreed on pricing terms.

• An option for credit to be made available on either a soft

1,086 954 680 Source:ODA

years. That depends on what mixture of soft loans and mixed credits emerges as well as the terms agreed for individual transactions. The reference point, bow-ever, is that the amount of official aid money attached to any transaction will comply with

6,335

3,497

2,796

the 35 per cent minimum grant element agreed under Organi-sation for Economic Co-operation and Development rules and which is calculated under a complex OECD-endorsed formula. This means that the package

will be more richly spiced with aid than the current £300m line, which was agreed at a time when the OECD rules were different and carries a concessional element of 25.1 per cent. Richard Manning, ODA nnder-secretary, government expendi-

end never get off the ground. • An understanding that

### **AMERICAN NEWS**

# US reacts cautiously to Avril's Haiti coup

By Lionei Barber in Washington and our Foreign Staff in London

LT GEN Prosper Avril set out dier, said he intended to make LT GEN Prosper Avril set out to form a Haitian government yesterday after toppling Gen Henri Namphy at the weekend. The US adopted a cantious line, saying it was still assess-ing the latest change in gov-ernment. The latest comp would appear a further setback to Wachington's onal of restor-Haiti a place "where human rights are guaranteed" and suggested there might be a return to civilian rule through elections. He offered no timetable.

to Washington's goal of restor-ing at least a semblance of democracy in Haiti Last year,

after supporters of the former dictator Jean-Claude "Baby Doc" Duvalier violently dis-rupted elections, the US cut off some \$100m in US economic

and military aid. Lt Gen Avril, a career sol-

World Bank loan likely

for Argentina

He had strong links with the Duvalier family and according to one report was Baby Doc Duvalier's closest financial confidant. In 1986, Mr Duvalier was ousted from power and fled to France, taking with him a fortune.

early on Sunday after junior and middle-level officers had

who had selzed office only three months before by onsting civilian president Leslie Mani-gat. Lt Gen Avril, a close adviser to Gen Namphy, had is said to be a front tunnel for assisted him in the June coup. A day after Lt Gen Avril pro-claimed himself president on A day after Lt Gen Avril pro-claimed himself president on

national television, he had yet to announce the members of his cabinet. Local political observers said in-fighting was likely in the military over its

make-up. US officials said one of the Lt Gen Avril took power early on Sunday after junior and middle-level officers had rebelled against Gen Namphy,

attacked by machete-wielding gangs. In one church 11 people were killed and 70 wounded. It Gen Avril had enjoyed a reputation more as a king-maker than leader in his own right. His removal of Gen Nam-

Gen Namphy fied on Sunday to the Dominicas Republic where he received political say-hum. He was accompanied by Mr Frank Romain, mayor of phy suggests deep divisions within the Haitan armed forces who hold the belance of

of some of the loan conditions.

**Cash crisis** 'threatens **UN peace** Port-an-Prince and an ally of Jean-Claude Duvalier. Three of those killed were men attacked hy a crowd searching for followers of Mr Romain, who was widely blamed for violence last week mission'

By Our UN Correspondent

THE United Nations General Assembly begins a new ses-sion, its 43rd, in New York today amid rising expectations for the world body after some noteworthy peacemaking suc-cesses, with a prospect of more to come

to come. Namibia, the former German colony of South West Africa, appears to be the next internaappears to be the next interna-tional problem ripening for solution. The Secretary Gen-eral, Mr Javier Perez de Cuel-lar, is due in South Africa on Wednesday for talks with Pres-ident P. W. Botha that he hopes may lead to a a start on November I on implemention of an independance process approved by the security coun-cil 10 years ago. But even as he prepared for this mission, Mr Perez de Cuel-lar warned the General Assem-bly in his annual report yestar-day that the UN remained in

An effort to meet the more immediate needs for foreign currency will be made this week when Mr Seaga meets with rep-resentatives of the Inter American Develresentatives of the inter Anentan Devel opment Bank. The Prime Minister will visit Washington later this week for talks with the International Monetary Fund, which last month granted the country a standby credit package of \$114m, to be drawn down over the next 14 months. day that the UN remained in deep financial trouble: "Lack of reserves means that the organ-isation will not be able to mount new operations," he

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3.27.

said. "The impact of the crisis is heightened by the increasing responsibilities of peace-mak-ing and peace-keeping which the organisation has had to assume." Without citing specif-ics, he said these ware likely to increase significantly in the next 12 months. It is estimated that the Government officials were not sure, whether the Prime Minister would be ask-ing for more funds, or would seek a waiver Hurricane Gilbert also brought to a sud-

of some of the ion communities. Hurricane Gilbert also brought to a sud-den and premature halt the hectic cam-paigning for a general election, which is due by mid-December. Mr Seaga and Mr Michael Mankey, a former prime minister and leader of the opposition People's National Party, have both agreed that the voting will not be unduly delayed, although they have made allowance for the ability of the country to stage proper elections in the wake of the hurricane. Mr Seaga, whose conservative Jamaica Labour Party has been behind in the pub-lic opinion polls, said he will abide by the constitution in setting a date for the elec-tions. It is not clear, however, to what extent, if any, he will make use of a consti-tutional provision which allows a three-month delay in the event voting is made difficult by chromestances including natu-ral disasters. Mr Manley, who headed a social democrat government in the 1970s, says he expects an election by January 10 next year. next iz months. It is estimated that the Namibia operation alone would cost more than \$700m. The General Assembly has approved the first half of six approved the first half of six months' expenditures amount-ing to \$74m for UN monitoring of the Gulf ceasefire. Other costly enterprises, including the possibility of UN peace-keeping in Western Sahara and Kampuchea, may lie down the road if Mr Perez de Cuellar's run of successes continues, folrun of successes continues, fol-lowing the Afghanistan augury

last April. "The UN cannot function without money," the Secretary General said in his report. "It Jamaican cynics, of whom there are is still seriously short of funds. This situation includes both an

Jamaican cynics, of whom there are nore, than a few, suggest unfairly that neither Mr Seage nor Mr Manley is keen to-take on the task of trying to put the pieces back together. Both politicians would dis-pute this, But both must be equally aware that governing Jamaica for the Dext few years will be more than slightly demand-ing.

This situation includes both an immediate shortage of cash, which threatened insolvency in the next few months, and the virtual depletion of reserves." US President Ronald Reagan, who is due to address the assembly next Monday in a farewell appearance, has prom-ised to meet US financial oblis-gations to the UN. but its arrears of more than \$45601.2015 the regular budget may not be eliminated for years. So far, the US has paid off only a little more than \$150 ~

new debt deal' THE Venezuelan Government only a little more than \$15m -emough to keep the UN going for about a week - and crittof its \$25bn in public sector foreign debt, according to press reports published in the capital today, writes Joseph Mann in cism of the UN by the American right wing continues. The first principal order of business in the 159-nation assembly today is the election of its president, for which Mr Dante Caputo, Foreign Minis-ter of Argentina, and Dame Nita Barrow, the chief delegate of Republication and additional delegate Caracas. At the same time Venezuelan officials are studying finan-cing options, Including new loans from commercial banks, aimed at offsetting a large balof Barbados, are candidates. Both sides have predicted vic-tory, but it is thought Mr Caputo will be elected. ance of payments gap projected for this year. Venezuela's most recent debt Venezueia's most recent debt restructuring, covering about \$21.1bn out of the \$25bn, was signed in the autuum of 1986. The agreement called for a 14-year payback period, interest at % per cent over the London. Inter-Bank Offered Rate (Libor) and a \$750m Jump.sun princip Caputo will be elected. Argentina is the only major Latin American country that has not had the presidency and it has never gone to a diplomat from a Caribbean state. The mesidency wister for the state of the stat presidency rotates from year to year among the regional Inter-Bank Othered Rate (Libor) and a \$750m lump-sum princi-pal payment. But as oil export revenues have declined, payments on public and private sector for-eign debt have eaten up increasingly large shares of Venezuela's export earnings.

# AMERICAN AIRLINES **BUSINESS** CLASS.

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# **By Gary Mead** in Buenos Aires MR Barber Conable, president of the World Bank, says it is preparing to extend Argentina \$700m in fresh loans, probably to be disbursed in October. Mr Conable visited Argen-

tina at the weekend and made it clear the World Bank was It clear the work bank was lending its support to recent economic plans unveiled by the Argentine government. The \$700m is destined to

Heart of the Jamaican economy. It heart of the Jamaican economy. It could ill afford the ravages of a such direct hit "It looks like Hiroshima after the A-bomb," said Mr Edward Seaga, Prime Minister, of the damage done to the island last week by the most powerful storm in the region this century. "Many will have to live in tent cities and we will have to start all over again to rebuild the economy." The storm moved along the full length of the island, from east to west, with no part of the country spared. Mr Seaga, who had earlier said repairing the damage would cost \$7.25bn, now says it will cost about \$1hn, about one and a half times the support reforms in the finan-cial and import sectors. According to Mr Conable, the World Bank and Argentine government are working on about \$1hn, about one and a half times the value of last year's exports. He said the most immediate needs

the details of the sectoral reforms. He said disbursement would demand about \$400m - the equiva-lent of three years' earnings from bauxite, the main commodity export of which Jamaica is the world's third largest prowas conditional on agreement was conditional on agreement on the finer points. Argentina has a foreign debt of \$56bn, with interest pay-ments this year reaching \$5bn. It has been holding talks with the World Bank, International World Bank, International

If the cash is raised, most of it will go into repairing the four out of every five houses affected by the storm. About 100,000 houses were blown away, as were Monetary Fund and commer-cial hank creditors, with a view to obtaining fresh loans of up to \$4bn. some hospitals and schools and several public huildings now urgently needed in the rehabilitation of the island. The death toll, put officially at 37 at the weekend; is

likely to rise. Mr Seaga may consider the blow to the Mr Seaga may consider the blow to the economy more painful for the fact, that, after a decade of stagnation, the Jamaican economy had started to expand. It grew by 2.5 per cent in 1986, by 5.5 per cent last year and appeared set for further expan-sion of five per cent this year before it was here in tatters by Gilbert. The agriculture sector has been devas-

The agriculture sector has been devas-tated by the storm, which did most of its damage in the eastern and western ends of the island. "The banana industry has gone," Mr Seaga reported. The island ships all its bananas to Britain and has been slow in recovering from extensive damage

by the leading tail of another storm in

It will take a year before any more export fruit is available, but it will be some time before the industry will be able to reach the 50,000 tonnes-per-year level which it was approaching before Gilbert arrived.

Canute James reports that the economy has suffered a painful blow

Citrus and coffee farms have also been fattened Jamaica's Blue Mountain coffee, accepted as one of the best in the world, and which fetched prices six times those of other varieties, will take about five years to recover, according to one leading farmer.

The damage done by the storm to the domestic agriculture sector promises a shortage of local food, increasing the urgency for imports. Within four days of the storm's battering of Janaica the prices of what little fresh fruit and vegetables were left had increased threefold.

the damage to tourism, Jamaica's O main foreign currency earner, Mr Seaga reported: "Five hotels in Montego Bay were damaged, but this is marginal in terms of the number of hotel rooms on the island." The sector will suffer, however, from extensive damage to, the beaches along the famed north coast resorts where sandy strips have been replaced by boulders.

Hoteliers in Barbados are already receiv-ing new bookings from travel agents which have had block cancellations of

which have had block cancellations of Jamaican holidays. The bauxite inhibits and refining sector will be the quickest to recover. Mines which were flooded will be worked when the water runs off. Wille refinences were among the few structures which withstood Gibert's fory. "The industry has with-stood the effects of hurricane Gibert exceedingly well," reported Mr Hugh Hart, the Mining Minister. He said the sector would achieve full production by the end of this week.

the armed forces. Some Haltians relebrated on the streets yesterday, but spo-radic shooting was heard around the city and at least five people were killed as mobs sought Gen Namphy's support-

Jamaica reels in Gilbert's wake

in which three churches were attacked by machete-wielding

# SEATING.

One Apra deputy said: "At least we are sure of one thing - the economic team and some ministers have to go before October." A "hinge" committee con-

Peru austerity

package under

growing attack

CRITICISM of the economic austerity package introduced in Peru earlier this month,

and its architects, is growing. Members of Peru's majority

American Popular Revolution-ary Alliance (Apra) party have been discussing the measures and, for the first time under this government, have been critical of the executive and

Mr Alan Garcia, the President.

By Veronica Baruffati

in Lima

sisting of seven senators and seven deputies has been set up to serve as a link between the Apra deputies and the execu-tive. The committee met for 11 hours on Sunday to formulate a document which analyses the economic situation and the crisis. This document will be discussed by Apra before being presented to the presi-

dent tomorrow. There were rumours at the weekend that Mr Javier Tantalean Arbulu, one of President Garcia's chief economic advisers, was hoping to resign as head of the National Planning Institute. This follows the resignation of Mr Daniel Carbonetto. Mr Garcia's economic adviser, who returned to his native Argentina last Friday.

BRAZIL will formally resume 600 per cent inflation rate for membership of the interna-tional financial community on now seem unattainable. Prices at the cost of fuelling inflation. A stational for the sector Thursday when Mr Mailson da Nobrega, its Finance Minister, signs a \$5.25n debt package in

By John Barham in Sao Paulo

signs a solution New York. But agreement with the banks does not signal the end of Brazil's economic problems. The immediate problem is centred on the World Bank's source have not signal the end of Brazil's electricof Brazil's economic problems. As a Sao Paulo-based US banker said: "This gets Brazil back in the good graces of the big banks in time for the International Monetary Fund annual general meeting, but they will soon start having problems with Brazil" He said the agreement may etart com-ing apart by the end of the year as the economy worsens.

The second tranche of the record \$5.2bn loan is tied to conomic conditions estab-lished by the IMF and World Bank co-financing projects. The IMF agreed to relatively

liberal economic targets for Brazil. It accepted a 4 per cent public spending deficit and a

now seem unattainable. Prices are likely to increase by more than 24 per cent this month, pushing the 12-month, rate tosupply.

\$500m loan for Brazil's electric-ity generating industry, a key feature of the debt settlement. At the end of August, Brazil reshaped its nuclear energy policy by giving the state elec-tricity company Eletrobras responsibility for nuclear power. The World Bank is wor-ried it may end up subsidising the hankrust nuclear is sector. It

the bankrupt nuclear sector. It is to delay disbursement of the loan until November. The only positive aspect of the Brazilian economy is its big trade surpluses. In August, Brazil recorded a \$2.07bn surplus making a \$17bn surplus for the year possible.

Brazil debt signing this week

Exporters have to convert their hard currency earnings into cruzados, swelling the money

pert year.

· Royal Dutch Shell's Brazilian subsidiary is the first for-eign mining company to begin selling its assets after the new Brazilian constitution severely, restricted foreign mining activ-ities. Shell has decided to sell two mines that produce gold and cobalt, nickel and copper. The sale should be completed this month although the com-pany would not identify the purchaser or indicate the

mine's value. Foreign mining companies are estimated to control between 19 and 38 per cent of Brazil's mineral reserves. Shell said it would concen-trate on fabricating and metal-hurgy as well as on oil and pet-

# Canada confounds the pundits as growth surges

David Owen on the issues which will determine if the economy has a hard or soft landing Canadian Real GDP Growth

HE Canadian economy it was even 10 years ago. This has enabled Canada, in turn, to take full advantage of continues to defy the

1 forecasters. Despite per-sistent projections of a slow-down, real Canadian GDP again surged ahead at an annual rate of 4 per cent in the Mr Ian Russell, an Investment Dealers Association of Canada vice-president observes: "Growth has rotated across the major sectors of the economy annual rate of 4 per cent in the second quarter, according to figures published last month. This heady rate of progress has been achieved even though the fastest growth has consis-tently been confined to Ontario response to changing economic and Quebec. With the lacklus-tre oil market seemingly putconditions."

the lied partly by the deprecia-tion of the then sickly Cana-dian dollar, which in 1983-84 ting paid to Alberta's hopes of a bumper year and the drought playing bavoc in the Midwest, only the Pacific coast province of British Columbia has a realpaved the way to recovery from a recession described by Mr Carl Beigle, McLean McCaristic chance of keeping up with the country's industrial heartthy's chief economist, as "the closest to a modern depression land in 1988.

and in 1988. Canada has now enjoyed five-and-a-half years of uninter-rupted growth since the end of the deep 1991-2 recession. Dur-ing this period, the economy has expanded faster than in any other of the big seven industrial countries. Why has the latest growth phase in what has traditionally been as you are going to get". The commodities sector, however, was not the primary engine of this export growth. (Most commodifies markets were depressed and destined to become more so.) This role was filled uncharacteristically by what has traditionally been

something of a boom-hust, commodities-dependent econ-omy been so prolonged? The pat answer is that Canada today is much less com-modities-dependent than it once was. The rapid expansion of the automotive sector in par-ticular has made the economy

% (Hait - years, compound annual rates its enviable position on the doorstep of the vast and dynamic US marketplace. As 6 - 4 during the recovery period in 0 1981 1982 1983 1984

> peaked at a record 246,000 in 1987. Meanwhile, consumer spending accelerated at an average annual rate of 9 per cent in nominal terms in the

rates. Since mid-1987, Canada's still strong profitability and the formidable commodities sector extent to which the private sec-has finally come into its own, tor has reduced its debt load in thanks to much healthier markets for metals and forest products. Profits at such as Inco and Noranda have been all the more impressive for the cost reductions achieved during the lean years.

With the revitalised Canadian dollar once again eroding the sector's international com-

1985 1986 1987 1968 Source : Statistics Canada petitiveness, business capital spending is stepping in to sus-tain further growth. In the second quarter, such spending was up a remarkable 20.6 per

cent from a year ago. So far, capital outlays have proved relatively resilient to higher interest rates. Analysis attribute this both to recent US debt-equity ratios have been rising steeply, the aver-age prevailing level for Cana-dian corporations has dropped form 75 to less them soft percent from 75 to less than 60 per cent since 1962.

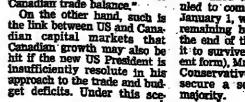
But prime last week hit a 2%-year high of 11% per cent. approach to the trade and bud-With the central bank under get deficits. Under this sce-

Mr John Crow seemingly deter-mined to keep inflation (3.6 per cent in the second quarter) under tight control, current economic debate revolves less around whether or not growth is poised to slow down as whether the economy will experience a hard or a soft landing. Much may depend on the aftermath of the two election campaigns expected to take place in North America this

سميدية بمعامات شترك

Caracas 'seeks

campaigns expected to take place in North America this autumn. Ironically, events, south of the border may ulti-mately have a more potent impact than the expected Canadian general election. Just as the vigorous growth engendered by the first flush of Reaganism helped spur the Canadian economy into recov-ery, so the assiduity with which the new President sets about bringing down the two-pronged US deficit will have highly significant repercus-sions north of the 49th Parallel "Although the timing is hard to foretall," said the OECD in its latest Canadian economic its latest Canadian economic report, "the eventual correc-tion of US external deficits could put pressure on the Canadian trade balance."



nario, the high interest rates needed to attract foreign funds

heeded to attract foreign funds to continue to finance US over-spending would be the vil-lain of the piece. As a by-product, they would also make it more difficult for Canada to reduce ifs own C\$400bn accumulated public sector debt by inflating servic-ing costs. For the 1988-89 fiscal

ing costs. For the 1968-89 fiscal year, the Canadian Treasury earmarked C332bn out of projearmarked C\$32bm out of proj-ected total spending: of C\$132.3bm for debt payments. This, in turn, would have a bearing on the position of Can-ada's current account. In: 1987, higher interest payments helped to push Canada's cur-rent account deficit to a record C\$9.6bm, despite a healthy trade surplus of C\$10.3bm. Without smaller budget defi-cits, large external deficits are likely to peraist," asid the OECD.

OECD.

On the domestic front, the forthcoming Canadian general election campaign will have important ramifications for the economy, since it will determine the fate of the US-Canada free trade agreement. The still unralified agreement, sched-uled to come into effect next January 1, will eliminate most remaining bilateral tariffs by the end of the millenium. For it to survive (at least in pres-ent form), Mr Brian Mulroney's Conservatives will have to secure a second successive

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manufactured goods. In 1984-85, vehicles and vehicle parts accounted for fully 27 per cent of exports. When the US consumption boom largely responsible for the rise in Canadian exports cooled off in the middle of the

decade, the domestic bousing and consumer sectors picked up much of the slack, helped by rising income and falling interest rates. Housing starts markedly more diversified and hence more robust - than

1985-87 period. On a less positive note, this has resulted in a marked reduction in traditionally high Canadian savings

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### **OVERSEAS NEWS**

# Harvesting the fruits of development

### John Elliott visits a rural project in Pakistan

rops of dried apricots are bringing new prosperity to 60 tiny villages in the remote Baltistan mountain deserts of northern Pakistan.

Instead of burning their fruit trees as fuel, tha villagers have been taught how to dry this traditional local fruit chemically; in the last harvest season they produced over 70 tonnes of apricots worth Rs Im (555 GDD) motel markets

(\$55,600)in retail markets. In the adjacent area of Gilgit, 26 families in Shahtote, one of the region's poorest villages, have transformed their lives by huilding a 6,300ft long irrigation channel which haa increased their cultivated land more than tenfold and produced good crops of wheat, potatoes and other vegetables as well as fruit from 1,500 new trees.

These are two examples of the dramatic results achieved by a five-year-old, co-operative based rural development project called the Aga Khan Rural Development Programme. It was launcbed by the Aga Khan, the Imam (hereditory spiritual leader) of 15m Ismaili Shia Moslems, whose Genevabased headquarters runs and partially finances the work. But the bulk of current Rs 110m annual expeoditure ia now being provided by the UK, Canada and Holland.

Unlike most other third world development programmes, where specialists try to impose their ideas on local people and then leave a vacuum behind when their work finishes, the programme is based on villagers being persuaded to set up their own cooperative organisations.

The organisations then choose, execute and maintain projects involving the establishment of infrastructure such as irrigation channels, link roads, fruit orchards and marketing arrangements. But no-one is using the word co-operative, which has a bad name in South Asia because of numerous past and current failures.

The Aga Khan Foundation finances a village's first project with a grant, but insists that the village organisation opens a bank savings account to provide loan collateral for later developments.

"Our main aim is not just to execute the irrigation and other projects, bot to get the people organised for developmeot," says Mr Shoaib Sultan Khan, the project general manager, who has developed principles started in the 1970s at Comilla in Bangladesh. The World Bank described the programme as "impress

the programme as "impressive" in a report last year and t is looking into its possible extension to other countries.

The village co-operative principles are also about to be reproduced oo two nearby projects, together costing SI5-20m, one by the Pakistan Government backed with aid from the US, and the other by the Asian Development Bank working with the International Fund for the Agricultural Development.

with the International Fund for Agricultural Development. There is an unusually long and flexible development horizon of 10 or maybe more years, compared with most development sponsors who pack up after five or six years. The 10 year target is to more than double per capita incomes on a egaliatrian basis, and to work the Aga Khan's people out of a

The programme has spread to about 50 per cent of the 800,000 population of Pakistan's little-known northern districts of Gilgit, Baltistan, and Chitral, which lie in an internationally sensitive area surounded by Afghanistan, the Soviet Union, China and India, which claims most of the territory.

tory. This is source of the giant River Indus and the meeting point of the Himalayas, Hindu Kush and Karakoram mountain range. The region is one of the most rugged in the world, with gaunt grey-brown mountains, mostly deforested and geologically unstable, plunging into deep ravines. More than balf of the land lies above 14,500ft. The area was controlled

nitil 1974 by local rulers called tu Mirs and Rajas, whose demise ar left a power vacuum and stified what little development ch had been taking place. The in people, all Moslems, eke out a a subsistance living from the mostly barren land and are desperately poor. Adult literacy averages only about 10 per were and is as low as 2 per cent most

The economy began to open up in the 1970s with the building of the 470-mile long Karakoram Highway to Pakistan's border with China's Singkiang province. At the end of 1952 the Aga Khan, whose Ismalli followers make up about 30 per cect of the local population, decided to try to bring economic growth and stability to

the area. There are now 915 village organisations with an estimated membership of almost 50,000 households. In the Gilgit district, where the work began in 1983, 90-95 per cent of the households and potential villages are involved. A total of Rs 43m has been saved in bank deposits by individuals througb the village organisations. Loans totalling Rs70m have been disbursed for periods of nine montha to five years, and are being repaid with a default rate below 2 per cent - compared with over 60 per cent in some developing countries.

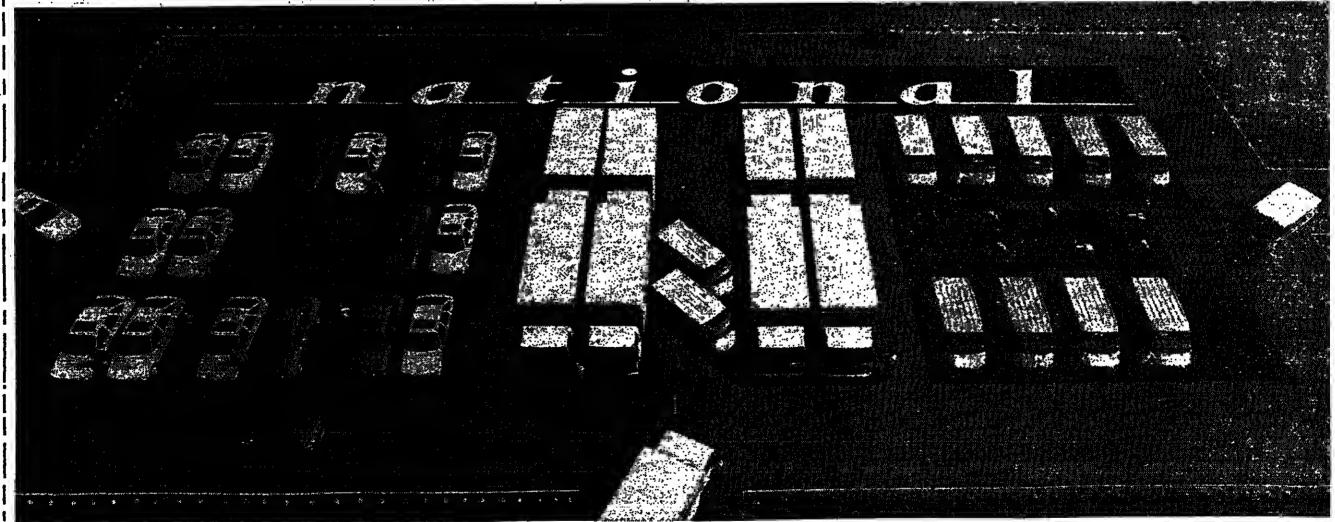
In the five years the villagers have built 1,000 km of irrigation channels bringing water from remote glaciers and streams to cultivable areas, 340 km of small roads linking settlements to higbways and jeep tracks, 22,000 metres of protective river banks and 36 reservoirs and tanks. From the villages, 1,600 people have been trained as local specialists, working with about 120 professionals. After the initial projects, the programme helps with a range of other developments.

The question now is what happens next. The Aga Khan Foundation's Geoeva headquarters has decided to restrict the programme's geographical expansion and it agrees with World Bank recommendations that more work is needed to match the highly successful organisational concept with a "production model" bringing together work on infrastructure, credit facilities, output and marketing. But the biggest outstanding

But the biggest outstanding challenge is to find an effective institutional system – possibly a pyramid of co-operatives – which can be designed to take over and eventually to allow the Aga Khan's people to withdraw and leave a new economic, and social order behind them.

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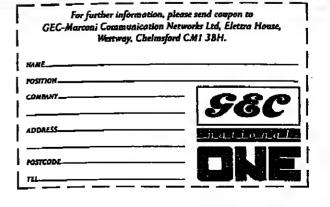
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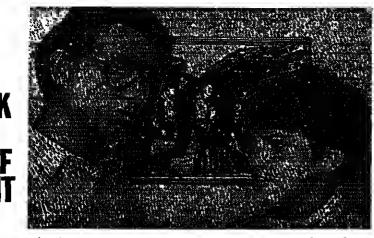
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## 'No option' for soldiers in Gibraltar shootings

BRITISH soldiers who killed two IRA hombers had "no alternative" but to open fire, a

alternative" but to open fire, a police witness said yesterday at the inquest into the deaths. The witness, a security offi-cer from the Gibraltar police identified only as officer P, said in the same circumstances he would have shot them too. Miss Maireed Farrell and Mr Denny McCenn hecame Miss Maireau Parrell and Mr Danny McCenn became "hyperactive" when they heard a police siren on their way out of Gibraltar, he said. McCann made e movement as if he were going for a gun and Miss Farrell moved

quickly towards her bag - he believed she was trying to trigger a bomb with a radio-con-trolled detonator.

Officer P, who was armed and on surveillance duty when the soldiers moved in, was giv-ing evidence from behind a courtroom security screen to the inquest in Gibraltar on the two terrorists and a third member of the bomb team, Mr

Sean Savage, who was shot down separately. He told the soldiers' lawyer, Mr Michael Hucker, that there was no doubt in his mind that was no doubt in his mind that McCann appeared to be going for a gun and no doubt that Farrell appeared to be reach-ing for a detonator. Mr Hucker: "If you had been in the soldiers' position as an armed policeman, what would you have done?" P: "I would have shot, sir." Mr Hucker: "And in your

Mr Hucker: "And in your opinion the soldiers had no alternative but to do what they did?" P: "Yes, sir."

The witness P told Mr Hucker it was clear that the siren had suggested to Mr Far-rell and Miss McCann that something was happening. "They became hyperactive," he said.

"Their movements...the expressions on their faces changed. They started eyeballing. Their eyes were going everywhere and their pace immediately changed." When the caution was shouted, McCann made a rapid

movement with his right arm.

Mr Hucker said P was an experienced officer, authorised to carry firearms, and asked: "What did you interpret McCann's action to indicate?" P: "He was going for a gun,

Mr Hucker: "Have you any doubt in-your-mind' about

Pa"No doubt about that-at all. sir."

A further witness Officer Q, cross-examined by Mr Hucker, said he picked up 11 cartridges; from the scene where McCann UK NEWS

## Warning on investor risks in power sell-off ¥ 😹 🕬 👘 🖓 . مورد به By Max Wilkinson, Resources Editor

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tion. The warning, from advisers to the industry, reflects grow-ing anxiety in the City about how investors would react to the enormous potential risks of runaway costs of nuclear

runaway costs of inclear power plant, poor performance or unforseen safety costs. This has been highlighted by the abysmal performance record of the Central Electricity Generating Board's Advanced Gas-cooled Reactors.

The board has more than 3,000 MW of AGR capaci-ty – worth about 13bn at current costs - which is still fall-ing to produce power several years after the target date for. However, area boards are now arguing strongly against the idea that they should be ioning. forced to accept any costs for

Industry advisers have pointed out that a similar poor-performance by a privatised nuclear company sector could cause severe financial embarrassment to shareholders, and perhaps even bankruptcy. The main focus of anxiety is

automatically pay for engineer-ing failures, construction delays or design changes. Their advisors have also on Big G, the private company which will take on 70 per cent of the CEGB's power stations including its nuclear plant.

**Owen tells SDP conference his** party is 'too young to die' By Peter Riddell, Political Editor

**OPPOSITION** parties should jointly press for change in the electoral system if the Thatcher era is to be ended, Dr David Owen, leader of the Social Democratic Party, urged yesterday. The SDP is the rump of the

party which fought the last general election in alliance with the Liberal Party. Most of its members joined the Liber-als to form the Social and Liberal Democratics following a

split earlier this year, but some remained loyal to Dr Owen and kept the party name. During his keynote address to the conference in Torquay, Dr Owen argued that the campaign for fair voting and pro-

To avoid this problem propos-als have been made for a gen-eral "nuclear levy" on all elec-tricty\_sold from whatever However, e fierce debate is now raging within the industry as to how the costs and risks of.

that nuclear commitment; should be allocated. The Government's outline The Government wants to ensure that Big G pays some penalty for any future under-The Government's outline plan is to arrange contracts and regulations, perhaps with a central purchasing sgency. acting for all 12 boards; which will allow the costs of nuclear power to be passed on via the boards to electricity consumperformance of its nuclear plant, but appears to have Accepted the argument that the penalty must by tightly limited. if the company is to be attrac-tive to the stock market and at It has also indicated that it will be prepared to act as the insurer against a major civil nuclear disaster. the same time have the incen-

tive to invest in a British nuclear programme. It is likely to look seriously at proposals for taxpayers to abare unforseen risks above a certain ceiling and perhaps some of the very large research.

inceed to accept any costs for the nuclear programme which Big G pushes upon them. While they have generally accepted that nuclear power-will be more expensive than-that from cost, they say it is unreasonable that they should COSCI. However, ministers appear-to be keen to reduce Govern-ment involvement as much as possible. They would prefer de arrangement which required commers to pay, perhaps with contract chuses allowing for renegotiation in cases of exceptional difficulty.



FINANCIAL TIMES TUESDAY SEPTEMBER 20 1988

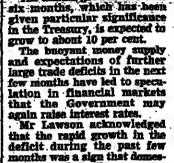
Economics Correspondent

ME NIGEL LAWSON, Chancellor of the Exchaquer, yesterday dismissed as "far-fetched" suggestions that the Government's fiscal policy was too loose and said that higher interest rates would reverse the deterioration in Britain's trade position.

the deterioration in Britain's trade position. In a lengthy interview with the Italian financial newspa-per II Sole-24 Ore, Mr Lawson also dismissed suggestions that tax relief on mortgage interest payments had contrib-nied to the recent surge of demand in the economy. He added: "We have no intention of abolishing mortgage tax relief." religt."

The Chancellor's comments. The Chancellor's comments, which included a re-affirma-tion of his firm opposition to any form of direct control on credit, came ahead of official figures today which are expec-ted to indicate accelerating mousy supply growth. M0, the targeted money sup-ply indicator, is widely expec-ted to show growth of over 7.5 pag cent in the year to August, wall-outside the official 1 to 5-ber cent target range.

per cent target range. The annual growth rate over six months, which has been



months was a sign that domes-tic demand in the economy The demand in the consider-had been growing too rapidly. "It is clear that demand growth does need to slow down. Our recent increases in interest rates will have that effect over time and that will bring down the deficit," he

Asked whether the trade gap was also a reflection of an encessively relaxed fiscal pol-icy, he described such sugges-tions is far-fatched at a time when the Government had a large budget surplus. "Rather than fuelling demand by bor-rowing, we are repaying debt." Referring to his exchange rate policy, the Chancellor support to confirm some shift The focus away from the D-Mark in recent months. "The Government paid close attention to the pound's rate Asked whether the trade gap

attention to the pound's rate against the D-Mark but it also took account of the dollar and other currencies.

The overriding priority w that monetary policy as a

whole was sufficiently tight to

bear down on inflation. He restated the familiar

posed liberalisation of capital flows within the Community would not impose a timetable. He was similarly downbeat on the prospects of any broader agreement at next

week's annual meeting of the

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portional representation was "the great issue" for the party.

He said such a "constitu-tional coalition" of the parties for electoral reform provided the means for mobilising the majority which existed in Britain in favour of a national. nuclear deterrent, of free edu-

Therefore, he said, it made, sense for the opposition groups to cooperate on constitutional changes on which they could agree even if they could not agree on other issues. He urged

a recerenciation. The conferences yesterday representation. Backed proposals for retaining an independent British nuclear as much to Labour, the Solt determent and for a continued tish and Welsh Nationalists private sector role in health, and the Ulster Unionists as to provision, alongside a free ser-his former allies in the SLD when However, with the SDP at 5 per In his speech Dr Owen comb on less in the opinion praised a ministry of the per polls, there is no sign that sonal characteristics of Mrs

polls, there is no sign that other parties will respond to Dr. Owen's appeal Mr Roy Hattersley, Labour a noving fowards the Conserva-

Similarly, there are sharply differing interests within the other minority parties about electoral reform. Dr. Owen's 53-minute speech was warmly received by the conference and, in spite of the problems of the past year, the activists seem to have been pleased with the debates so far which they feel have helped to establish the SDP's identity. Dr Owen sought to clarify the party's distincting, appeal on issues such as defence and support for the health service, as well as the market economy. The \_conference, yesterday Dr Owen argued that neither Labour nor the other minority parties had the capacity to win

a parliamentary majority inder the present first just the-post electoral system, under which members are elected by a simple majority of the votes cast in individual

a referendum on proportional. The conference yesterday





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### cation and health, and Farrell were shot. He said he had made a good search of the area and did not miss any

He said he had been armed with e revolver, but had not drawn it.

market economy. His call was intended to se out a strategy for his small party after the formation of the merged Social and Liberal Democrats in March, He said the SDP was "too young to

deputy leader, yesterday brushed aside any talk of co-. operation, while Mr Paddy Ashdown, leader of the SLD. said on BBC radio that Dr Owen was "a man on the edge of desperation" who was throwing out a lifeline.

tives by distancing himself from the Prime Minister over her use of patronage, over her attitude to public services and to South Africa and the devel-opment of the European Com-

position that Britain would join KMS when the time was Editorial comment; Page 33 He insisted that the pro-

# Joint venture makes medicines from milk

### By Poter Marsh

TRANSGENE, a French genetic engineering company, has taken a stake in Pharma-ceutical Proteins, a UK con-cern which intends to make human drugs from materials secreted in animals' milk

The French company is among a number of investors which have provided £1.2m to enable Pharmaceutical Proteins to continue its development programme.

The new funding takes the sum so far invested in Pharma-ceutical Proteins to \$1.6m. The company, based in Edinburgh, hopes to raise a further £3m in investment late next year. Apart from Transgene, other

BRITISH and Soviet nuclear

safety experts meet in Vienna today to discuss bilateral

cooperation on the policing of nuclear reactor safety. Britain is seeking a bilateral

agreement to examine and police each other's regulatory arrangements for reactors.

It has proposed that a team of Soviet nuclear inspectors should study a representative

should study a representative sample of British reactors with

their UK counterparts, to gain

investors in Pharmacentical Proteins include the Scottish Development Agency, the Pru-dential insurance company and Transatlantic Capital and Alan Patricof Associates, two ven-ture capital concerns. **Pharmaceutical Proteins is** 

conducting research aimed at changing aspects of animals' biological mechanisms in such a way that valuable proteins are produced in significant concentrations in their milk. The work is based on studies originally paid for by the Agri-cultural and Food Research

Council, a government research body. So far the company has

sheep which are producing in their milk Factor-9, a blood--clotting protein used to treat haemophiliacs, and alpha-1-antitrypsin. The latter is a natu-rally occuring substance which can be used to combat emphy-

ana, a lung disorder. Mr Graham Turnbull, the company's managing director, said that the work so far had heen promising but that full-scale production of such drugs would require more development work together with facilities to purify the

Pharmaceutical Proteins hopes in the early 1990s to mar-

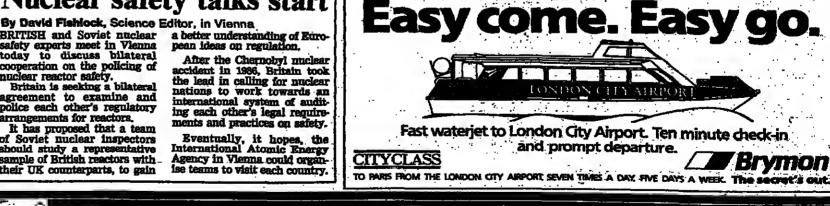
experimented with about 50 ket products arising from its sheep which are producing in their milk Factor 9, a blood-clotting protein used to treat lished drugs companies to

facilitate sales: The company is looking at the possibility of making other kinds of proteins as well as the two on which it has concen-trated so far. One candidate is Factor-8, another medication of use to haemophiliacs

International Monetary Fund on his proposals for a system of "managed floating" for richange rates. exchange rates. • Mira Marguret. Thatcher, Prime Minister, who will visit Belgium, Luxembourg, and Spain, in the space of four days from today, will under-line the Government's commit-ment to co-operate in prepara-tions for the barrier-free Market starting in 1992. But she will emphasize that

Market starting in 1992. But she will emphasize that she is not be prepared to sub-mit to proposals which would involve member-states surren-dering control over their own economies and currencies.

Mr Turnbull said the com-Mr Turnoull said the com-pany was in the early stages of increasing its workforce as part of its bid to move into large scale production. It aims within the next year to increase its full-time employees from three to about 25





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FINANCIAL TIMES TUESDAY SEPTEMBER 20 1988

### **UK NEWS**

British companies win £350m Channel tunnel orders

# Benefits 'go beyond London area'

By Andrew Taylor, Construction Correspondent

MORE than £350m of orders for work on the Channel tunnel project have been won by UK companies since the project got underway at the end of last year, Lord Young, Trade and Industry Secretary, said yester-

day. Lord Young, speaking in Fol-kestone, Kent at the opening of an exhibition centre marking the construction of the tunnel, said that orders worth 157m had been placed in Scotland, 532m in the north of England, 590m in the Midlands, York-shire and Humberside and £15m in the south-west and Wales.

He said the figures refuted previous claims that most of the work would be concen-trated on companies in southeast England.

Lord Young said manufac-turing industries outside the south-east would also benefit when the tunnel opened in

1993. "It will provide a fast, reli-able through-rail link to carry freight to the heart of Euro-pean markets. The potential advantages for manufacturers can be substantial, with timetabled, computer controlled delivery to anywhere in Europe," he said. "Companies in the north, in Scotland and other regions will be better able to serve their



Lord Young and Alastair Morton at yesterday's opening tions would not stop at the European customers and compete on an equal basis with continental manufacturers already linked to the wider European rail network." He said the Government was determined that communica-

regions to the Channel tunnel have been criticised as inade-quate by some business leaders and by local politicians who fear investment and employ-ment will suffer in the regions unless a high speed link is pro-vided, by passing London. Critics say investment will continue to be concentrated in

continue to be concentrated in the south-east, accentuating the regional divide, if compa-nies in other parts of the compa-try cannot easily get their mode fo the immedia mouth com

try cannot easily get their goods to the tunnel's mouth on the Kent coast. • Mr Robin Morris, e trans-port industries specialist, toki a symposium last week that the Channel tunnel could turn Liverpool into Westero Europe's most important deep-see port if Britain became a "landbridge" between the Marsey and Calais. Liverpool could, he said, develop as a vast container ter-minal served from Europe by

minal served from Europe by rail through the tunnel.

Mr Alastair Morton, joint chairman of Eurotunnel, the Angio-French consortium, told the symposium on the effects of the tunnel on Merseyside that Liverpool needed to develop a container port able entrance to the tunnel, "The tunnel is not just for London. It is for the whole well as improved rail links to country," said Lord Young. British Rail's plans to pro-vide a rail link from outlying beyond.

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Metal Box, Lawson set up PET venture

By Maggie Urry

METAL BOX and Lawson Mardon, two packaging groups, are setting up a joint venture, company to pool their polyeth-ylene teraphthalate (PST) botylene taraphthalate (PST) bot-tie making capacity. The new company will be called impe-tus Packaging and will be owned 50:50 by its two parents. PET bothes, typically in one litre or three litre sizes, have been gaining from glass as peckaging for soft timbs, beer and cider. It is a Jarge and highly competitive market, and one where technology is devel-oping tapidly.

oping rapidly. Mr John Spruell, managing director of Metalhox Beverage Packaging, said: "This joint venture enables us to become a. strong force in the European PET bottle market in prepara-tion for 1992 and also gives us the strength to defend our posi-tion in the home market."

Impetus Packaging will sell either the completed bottles or Mr Marcel Pilon, chairman "pro-forms" from which customers .can, make their own of Lawson Mardon's rigid plas-

The new company will employ 460 people at five loca-tions - Metal Box is contributing in plants at Gresford, North Wales, and Beckton in London; Lawson Mardon is putting in three factories at Corby, Northamptonshire,

Letchworth, Hertfordshire, and Edmonton, London. The company will have a net asset value of £26m, and expects turnover in the first year to be over £60m.

It intends to set up manufac-turing bases in Europe, to match moves by the large customers, such as soft drinks companies, to become more European in sourcing. Trans-porting empty PET bottles for long distances is often not eco-nomic because of the low price – to volume ratio.

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"We believe the PET technol-ogy existing between our com-pany and Metal Box is in advance of anything else we see in Europe. The joint vensee in Europe. The joint var-ture will permit Impetus Pack-aging to maintain this lead and compete afficiently in the European-wide market."

plants, a growing trend within the bottling industry. It will also provide customers with equipment and technical back-up to set up their own blowing plants. The company will also sup-ply the Middle East and North

African markets from Europe.

### ICL wins network order

By Terry Dodeworth

COLLABORATIVE arrangements between ICL, the arrangements between ICL, the UK computer group, and Northern Telecom of Canada, have borne fruit in an order for e £10m telecommunications network et the Nationwide Anglia Building Society. The new network will allow Nationwide to retain the two computer systems inherited from its merger with Anglia. While mortgage processing will be standardised on one set of computers, and investment

operations on another, ICL will develop a network allowing terminals in the branches to link up with both.

Mr Peter Bonfield, ICL's chairman, said it would have been difficult for the company to win the contract without the deal with Northern.

The Canadian company is supplying the network's packet switches, devices which con-trol the flow of messages through the telephone system.

PHILIPS

**SEOUL CHOSE Bar on opencast** pits 'puts jobs at risk' By Maurice Samuelson MORE THAN 29,000 mining jobs are at risk because of local authorities' reluctance to authorise new opencast coal mines, Sir Robert Haslam, Brit-ish Coal chairman, said in South Wales yesterday.

At the present rates of open-At the present rates of open-cast approvals, the industry would be halved in size in three years. This would jeop-ardise half of the 13,000 jobs in UK opencast mining, and a for-ther 12,000 jobs in deep mines where output is blended with opencast coal to assist sales to customers.

Only 22 per cent of initial planning applications for new sites were now approved com-pared with 90 per cent three years ago. Even after the appli-cations had gone through pub-lic inquiries, the success rate reached only 35 per cent.



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# Weighingupthefuelwasteoptions areat

**UK NEWS** 

David Fishlock hears arguments in the nuclear controversy

¬ O REPROCESS or not - that is the question which is preoccupying the nuclear industry. Is it better to keep the highly radioac-tive nuclear "ash" canned as spent fuel, or chemically separate spent fuel into its components by reprocessing, recover unused fuel, and deal appropri-ately with a much smaller vol-

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ume of nuclear wastes? The controversial subject was aired at the closing sessionof the recent Uranium Insti-

tute's symposium in London. Britain and France are firmly wedded to "closing the fuel cycle," and hence to reprocessing. West Germany expects to follow this route, but its construction of a commercial reprocessing plant at Wackersdorf is fiercely fought by the Greens.

Other countries such as Sweden and Finland claim it is more economic to store spent fuel and eventually to bury it. permanently as nuclear way Another is South Africa with two big reactors operated by Eskom, which told the meeting: "Until such time as a large nuclear power programme is developed, cost considerations rule out both supporting a iocal reprocessing capability.

and reprocessing overseas." Unlike most European count tries, South Africa is a pro-ducer of low-cost uranium. It

By Our Belfast Correspondent

NORTHERN IRELAND'S

The province's business lead-

ers argue that financial assis-

management consultants.

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Ulster industry seeks

economic revival plan

has also signed an agreement with France that fuel from its two reactors at Koeburg, built. by the French, will not be reprocessed inside the country, to allay any suspicion that the plutonium by-product might find its way into weapons.

Senior Eskom executives said they were keeping options open by arranging to store the fuel for at least 20 years, ini-tially at Koeburg and later at its nuclear waste repository at Vashputs 500 km away. When South Africa had 10 to 15 times south ance had to to to the south as today - perhaps in 30 to 40. years' time - they believed it would need to chose between permanent disposal and reproesing.

For a nuclear nation with no indigenous uranium resources the progress of Urenco, the Anglo-German-Dutch enrichindig ment company, in re-enriching uranium separated from spent fuel is of greater interest. Mr Blackwell Gresley, head

of Urenco's contracts office, estimates that by the end of the century Europe's repro-cessing plants in Britain, France and Germany will have recovered 29,000 tonnes of uranium. That was enough to refuel 200 big reactors. The problems of re-enriching.

this fuel - mostly associated with the build up of radioac-tive constituents - had been

overcome, and were best tackled commercially by treating it without delay, he argued. The "modest. premium" incurred still left utilities with sufficient incentive to re-use the ura-

West Germany reported on a national programme running since 1980 to demonstrate that plutonium made by transmuta-tion of uranium in the reactor can be separated by reprocess-ing and re-used as fuel for the ne reactors

Mr Peter Schmeidel Siemens-KWU's general manager for nuclear fuel marketing and projects, said the price of mixed oxide (mox) fuel. enriched with pintonium would be only about half of its present-day price when Alkem's new plutonium fuel fabrication factory was operat-

ing, with three times the pres-ent German capacity. By 1996, mox fuel assemblies would show a total cost advantage over uranium fuel assembli "by a factor of almost two," he

forecast. Mr Schmeidel claimed the advantage was big enough to give the industry confidence in plutonium recycling. "This will provide a substantial contribution in the near future to reducing the overall back end cost of the closed nuclear fael

cycle." More than half of German's

Financial Times Reporter

MR DOUGLAS HURD, Home

nuclear reactors are either already licensed to use mox fuel or expect such a licence soon.

A strong correlation existed between a country'a strategic, long-tarm commitment to nuclear energy, and its choice of reprocessing and the re-use of unused fuel, Mr Jean-Claud Guais, Cogema's general man-ager for marketing and busi-ness development, said. As he saw it, a nuclear nation today faced one of three situations:

· Some were clearly engaged in long-term development of nnclear energy, and had decided - or would decide - in favour of reprocessing and the recycling of unused fuel.

 Some faced a difficult future for nuclear power, with the prospect of a progressive phase-out, and had no need of fuel recycling. They favoured non-retrievable disposal of spent fuel. spent mei.

• Some adopted an intermedi-ate policy, storing fuel in such a way as to leave open the pos-sibility of retrieving it in the

future Mr Guais cited Japan as having made the most complete analysis of these options. It had come to the conclusion that the closing of the fuel cycle promoted the peaceful use of nuclear energy on an independent and stable basis.

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### cing policy. Mr Hurd said he welcomed longer sentences for violent crime. "In particular, from figures just becoming Secretary, last night spoke out against what he termed "designer violence" in films and videos. He said the importance of discipline at home and school had been denigrated for too long, and criticised producers and editors who "glorified a bogus masculinity character-

ised by aggression." Mr Hurd, who was speaking to Conservatives in Lancaster, said: "The struggle against vio-lent crime will be long and dif-ficult. Just as the virus of a disease can mutate from one form to another, so violent crime infects our society in a number of different ways." revolt the viewer. Producers and editors had glorified a bogus masculinity," he said.

Hurd accuses film makers

of 'designer violence'

nomic development agencies offer only part of the answer to Northern Ireland's economic for the province and 79 per cent considered that the plan should be developed to deal Support for the economic plan emerged in a survey comexclusively with Northern Ireland and its particular local sioned by Touche Ross, the chartered accountants and

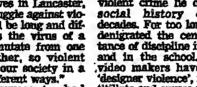
Researchers approached chief executives and senior managers in the manufacturbusiness leaders have urged the Government to formulate ing and services sector of the an economic regeneration plan economy. The 112 companies employed almost 40,000 people based solely on the needs of the local economy. The recommendation conranging in size from 50 to 1,000 employees. Four out of five employees trasts sharply with the views of Mr. Peter Viggers, Northern Ireland Industry Minister, who questioned backed calls for an is opposed to the idea of an economic plan for Ulster.

economic plan and almost the same number felt that such a strategy should deal exclu tance and initiatives from ecoernment policy.

problems. 

sively with the province and not be an extension of UK gov-Of those questioned \$1 per-cent feit there was a need for an economic regeneration plan

The Government had increased police strengths, embarked on a prison-building programme and tackled senten-



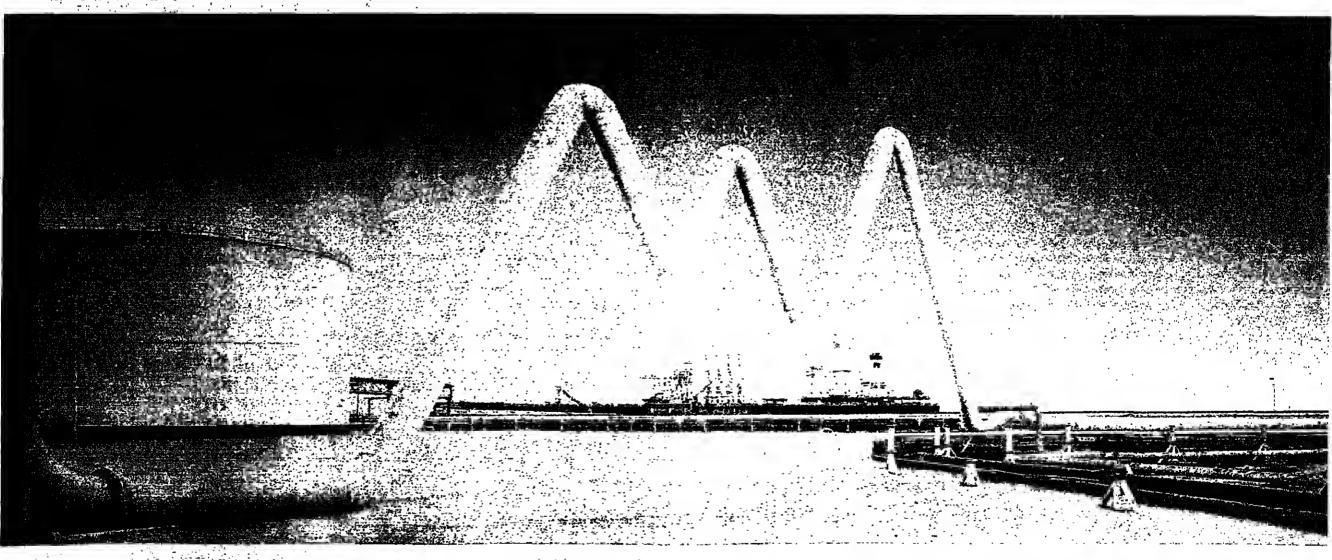
violent crime lie deep in the

social history of recent decades. For too long we have denigrated the central importance of discipline in the home and in the school. Film and video makers have given us 'designer violence', intended to titillate and amuse rather than

available, I can say that the average length of sentences for rape has increased by more than 60 per cent in the last three years," he added. Police, prisons and the courts could provide only part of the answer. "The roots of

# the stockmarket. are thinking - and acting - you need the

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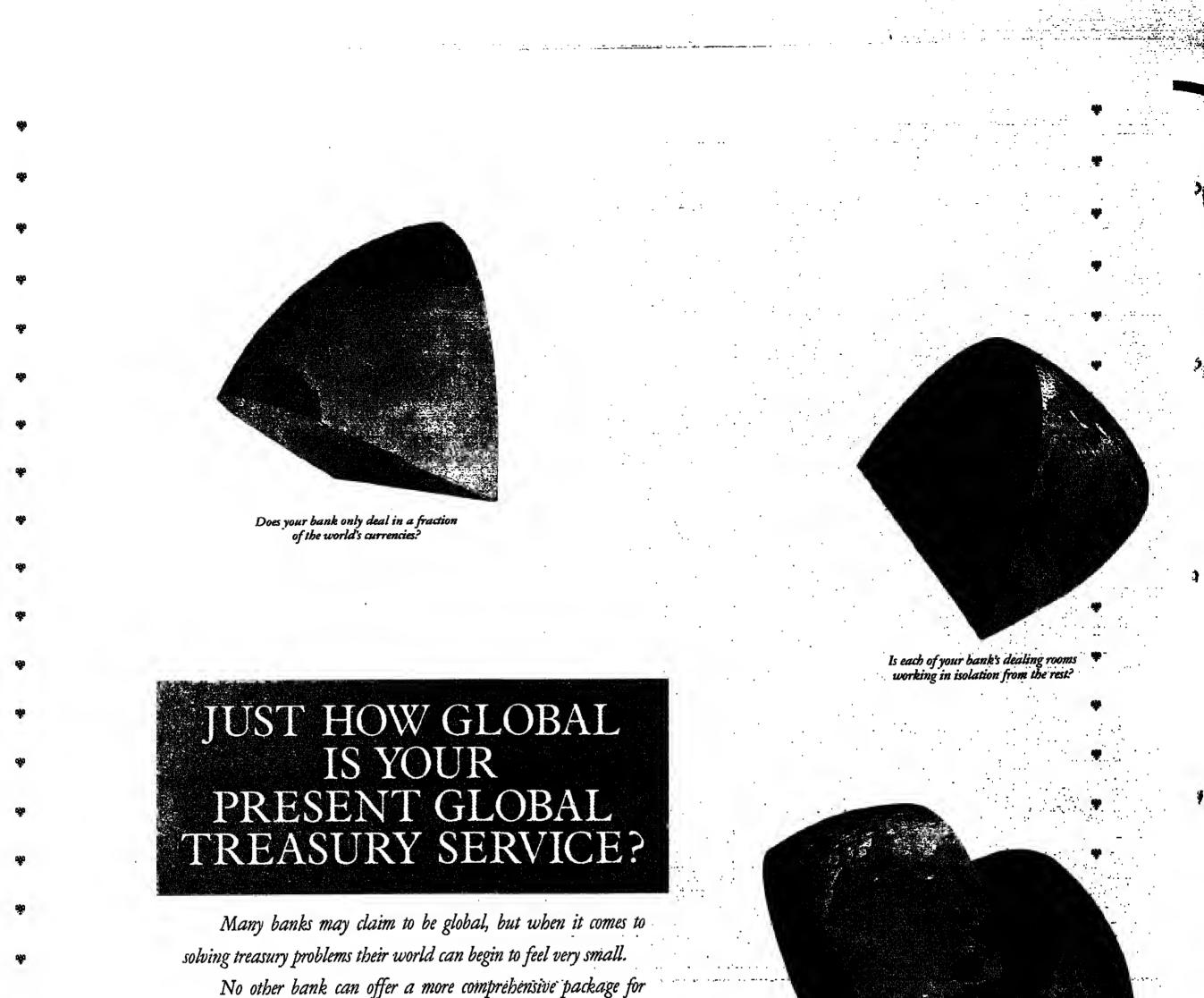
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# Are there big gaps in your bank's international coverage?

Is your bank's international risk management service

somewhat incomplete?

# The trouble with banks

Despite their efforts to attract small business, the Big Six are still perceived as a cosy cartel. Charles Batchelor reports

company com-plained to its bank that it had been wrongly charged "management wrongly charged management fees" on its account. The bank manager agreed the fees were unjustified, wrote to confirm the amount would be repaid, and charged the small husinessman £5 for the letter.

Another small businessman greed a £5,000 overdraft and £20,000 development loan with his bank manager but had to provide £55,000 worth of collateral in the shape of the deeds on his house.

These two husiness people were lucky, according to the results of a highly critical account of the way banks deal with their small business customers, which was published last week.

Many business people have no idea what their bank charges actually relate to, while the average collateral British banks take out on small business loans is four times the sum borrowed.

8mall Business and Banks: A Two Nation Perspective\* looks at the way banks in Britain and the US treat small busi-ness people. The situation in the US, where 14,200 banking groups, many of them with only one office, compete for business, may not be ideal. But the American small business grouping

business experience appears to compare favourably with the UK, where six large banks dominate.

The survey, which prompted responses from more than 5,400 small businesses in Britain and the US, is the first large-scale review of small firm banking relationships for many years. It drew on the experiences of the 11,500 members of the Forum of Private Business in the UK and the 500,000 strong National Federation of Independent Business in the US.

The complaint of small companies in Britain is that bank charges are being applied to a wider range of services and are increasing at a far faster rate than appears justified.

The report recommends that

ne small British sider the greater use of nego-company com tiable charges more closely plained to its bank related to the particular needs of different small firms. The survey shows that Brit-

ish companies pay higher rates of interest than their US counterparts though the authors acknowledge that different ways of calculating rates mean there is little real difference between the two countries. More worryingly, British companies make far greater use of overdrafts, which are slightly more expensive than term loans, while US banks seem more willing than their British counterparts to adjust lending rates to the circumstances of

the borrower. It is in the levels of collateral emanded that the most striking comparison emerges between Britain and the US. British banks require on aver-age four times the sum bor-

rowed while US banks require just 1.2 times. The high level demanded hy UK banks on the initial loan makes it more difficult for British companies to return for more money later, Stan Men-dham, chief executive of the forum, says. Small businesses are also

concerned about the availabil-ity of finance. In the UK it is the high-flying small company, typically with between 10 and 20 employees and sales of £250,000 to £350,000, which has difficulty raising expansion finance, while in the US it is the very small company, with

sales of less than \$75,000, which has problems. A worrying symptom of Britain'a highly concentrated banking network is the lack of competition between banks. Small businessmen believe the bankers operate a cartel In the US, by contrast, com-

petition appears more lively. When all three banks in one small county in Tennessee were hought by ont-of-state banks two gronps of local busi-nessmen established banks to provide home competition for the "foreigners", according to John Sloan, president of the National Federation.

the banks explain their charg- What are small business- ness customers in credit, spe-ing system to clients and con- people doing to improve the cial loan and advice packages, What are small business-

quality of service they get from their bank? Not a great deal, the survey shows. Relatively few are willing to change their bank. Seventy three per cent of British small business owners polled had not looked for a new bank in the previous three years, while in the US 62 per ent of business did not change banks.

Many British husinessmen felt there would be no improvement in the service if they changed because of the lack of competition, while 9 per cent felt there would be repercussions if they attempted to move. Others felt they got a better service from a bank manager they had known for some time

Alan Douglas, owner of Teleportation, a car hire and courier company based in London, believes businessmen only get good service from a bank if they have a long-standing rela-tionship with a particular manager. "If I had not moved my

account to stay with my bank manager when he moved in March I would be bankrupt by now because the postal strike would have delayed all my cheques," he says. "I dread the time when he gets promoted or moves again. The banking system only works when yon know the manager well. That is a condemnation of the whole

What do the hanks make of all this? They have been leapfrogging each other in the past three years to provide interestfree banking to new small busiand free books on how to set up in business. Not a lot, appears to be the

answer. Bob Kelly, deputy manager of Midland Bank's small business unit said the report's findings were worry-ing but he felt that some of the complaints were "a question of perception." Andy Hunter, small husiness

finance manager at National Westminster, agreed it was a matter of how small firms per-ceived the quality of service they got from their hank rather than any failing in service itself.

On bank charges, Hunter points out that his bank had published details of its standard husiness tariff while a glance at the interest rate structures of the different banks would show variations which resulted from competition. The apparent similarity of

the service was the result of competition rather than the lack of it, he says.

Whoever is right, the banks or their small business custom-ers, the Forum and the National Federation plan to press on with their scrutiny of the banks. They plan a detailed comparison of the service pro-vided hy banks in different regions of the country and to different types of business. The most controversial study, though, is likely to be one com-paring the individual banks.

\* By Graham Bannock and Victor Morgan Available, price £15, from The Forum of Private

Enterprise in the Third World

# An escape from poverty

Charles Batchelor on paradoxical attitudes to a predominant way of life

enior planning officials from an African country were so impressed by the shopping mall they saw in one British new town that they decided that they wanted the same design for their own country's capital city - with one important dif-

**MANAGEMENT:** Small Business

ference. The British shopping centre incorporated an open market area where stall-holders sold their fruit and vegetables. This, the only part of the Srit-ish design which bore any resemblance to trading patterns in an African town, would be inappropriate, the officials decided. The governments in many

developing countries regard small business - the market trader, the roadside mechanic - as a necessary evil to be barely tolerated until their country has developed a big husiness economy, says Mal-colm Harper, professor of enterprise development at Cranfield Business School

"In many African countries the street hawker is put in jail," he notes. "Governments see small businesses as clutter-ing up the streets and getting

in the way of the minister's Mercedes. Vet small huginess is a way of life for 90 per cent of the population of developing countries who do not work on the farm, in government service or for the small number of large companies. Typically, it is rep-resented by the woman hawking her village produce, a bar-her clipping hair under a roadside tree or a small metal workshop turning out cook-

ware or fire grates. For most of those involved the motivation is an escape from poverty rather than any dreams of independence, selffulfilment or wealth which drive many entrepreneurs in

the developed world. The problems involved in stimulating enterprise in rural areas were discussed at a two-day conference held earlier this month at Silsoe College the rural development arm of the Cranfield Institute of Tech-

nology in Bedfordshire. The isolation of many rural communities makes it difficult Business, Ruskin Chambers, Druny Lane, Knuisford, Chesh-ire WA16 6HA. Tel 0565 4467.

is intermittent; finding staff to provide training is difficult; and evaluating the impact of any schemes is costly, said John Hailey, a Cranfield lecturer.

Even governments which are not deliberately hostile to the small business person can make life very difficult by their bureaucratic approach. It took two people eight months to set up a small business with all the official licences required in Peru, according to Frank Almond of the Intermediate Technology Group, which helps transfer appropriate tech-nology to the Third World. Not surprisingly, most entrepreneurs stay outside the formal husiness sector.

How to respond to the needs of the rural poor is a complex subject. India has the longest experience of schemes

### 'Governments see small businesses as cluttering up the streets and getting in the way of the minister's Mercedes'

remarkable."

long-term involvement in the

project. Rural communities are

suspicious of "experts" sent in

on sbort-term assignments who

fail to understand the local cul-

ture and who leave before ven-

tures are properly under way. Programmes are more likely

to succeed if they make use of local organisations which

know the area and are accept-

take account of tribal struc-

tures, says Matthew Lynas of

Promoting enterprise does

You can make loans of \$10-\$15

still make money on the loan,"

Small-scale loans are hoth

effective and more likely to be

says Malcolm Harper.

designed to help village com-munities but continoes to experiment with programmes which it hopes will improve on its previously mixed record of succ

The Industrial Development Bank of India is currently assessing what it calls its Block Adoption Programme which is attempting to stimulate enterprise in 12 hlocks (administrative areas smaller than a district).

able to the people. Quasi-gov-ernmental agencies in South Africa have been rejected by many rural communities because they have failed to "Many developing countries imagine that it is enough to make subsidies available and then the small entrepreneur will set up and market his products," says Brij Mohan, operational head of the pro-gramme, "That is not so. We the University of Natal. "The agencies often become impatient with the subtleties of decision-making within the trihe," said Lynas. "They attempt short-cuts and don't need to convert the subsidy approach, which only breeds recognise community needs and aspirations." corruption, into the business approach

The Industrial Development Bank has recruited teams of not, by Western standards, require large sums of money. independent consultants to go into the chosen rural areas for five-year periods. They help villagers get loans from local to allow a woman to buy a basket and start trading and hanks; provide training; and help them get any official licences which are required. Typical rural ventures which

island communities in the have been backed have been pacific Ocean mean assistance mushroom growing, light engirenaid, narticularly if they are distributed by a local agency neering, leather tanning and handloom weaving In one which can impose sanctions on defaulters. By contrast, ambirural area the advice team tious government schemes, such as one tried in India. helped set up a poultry hreed-ing centre which provided often have high default rates. training, young birds and loans

The very poor and women are usually the most conscien-tious in making repsyments. to seveo surrounding villages. The programme bas failed in Frequently it is the women two of the 12 cbosen areas hut is doing well elsewhere and has belped create nearly 650 who are the poorest members of rural communities, particularly when they are bringing up children on their own, said new enterprises employing 2,250 people at an average cost to the hank of \$150 per job.

Scarlett Epstein, a consultant "We had imagined that only in third world affairs. the routine types of project would succeed because we Domestic responsibilities and social restrictions tend to were operating in such back-ward areas, but that is not true," says Mohan. "If the techlimit the entrepreneurial role to areas such as trading and food preparation hut in these oology is appropriate, the vil-lagers' assimilation skills are fields they play a major part. Traioing programmes for women in subjects such as book-keeping could have a hig The lesson of this and similar programmes is that the backers must be prepared for a impact in boosting the profit ability of such ventures and provide a surer guarantee that the family as a whole would

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benefit, Epstein says. Enlerprise programmes in the Third World have tended in the past to be synonymous with aid programmes. As such they have not been selective. There are signs, however, that

a more selective approach is being takeo by some agencies. 'To try to make entrepreneurs from the very poorest with the least access to

resources is a waste of time," warns Malcolm Harper, "We cannot rescue the dying refu. gee from the back of his ten t.

This shift of emphasis will require a change in t'ae approach by the volunts ry agencies which are being used to channel more governm ant aid to the Third World. " The small, local agencies in par ticular are reluctant to be se lective," says Harper.

In one case, an aid agen cy's local representative did f orce the repayment of a loan, hy seizing a client's camel. He was, however, criticised by his headquarters for damaging the

agency's caring image. The move to greater sele ctivity reflects an increased at sareness among the aid-donor; that subsidies alone create an unhealthy dependency. Father than sap the natural enterprise of rural communities the y now seem more prepared to work with it.

# WHAT PRICE WILL YOU PAY FOR VENTURE CAPITAL?

# THE WATCH AND THE GOLD-RIMMED SPECTACLES

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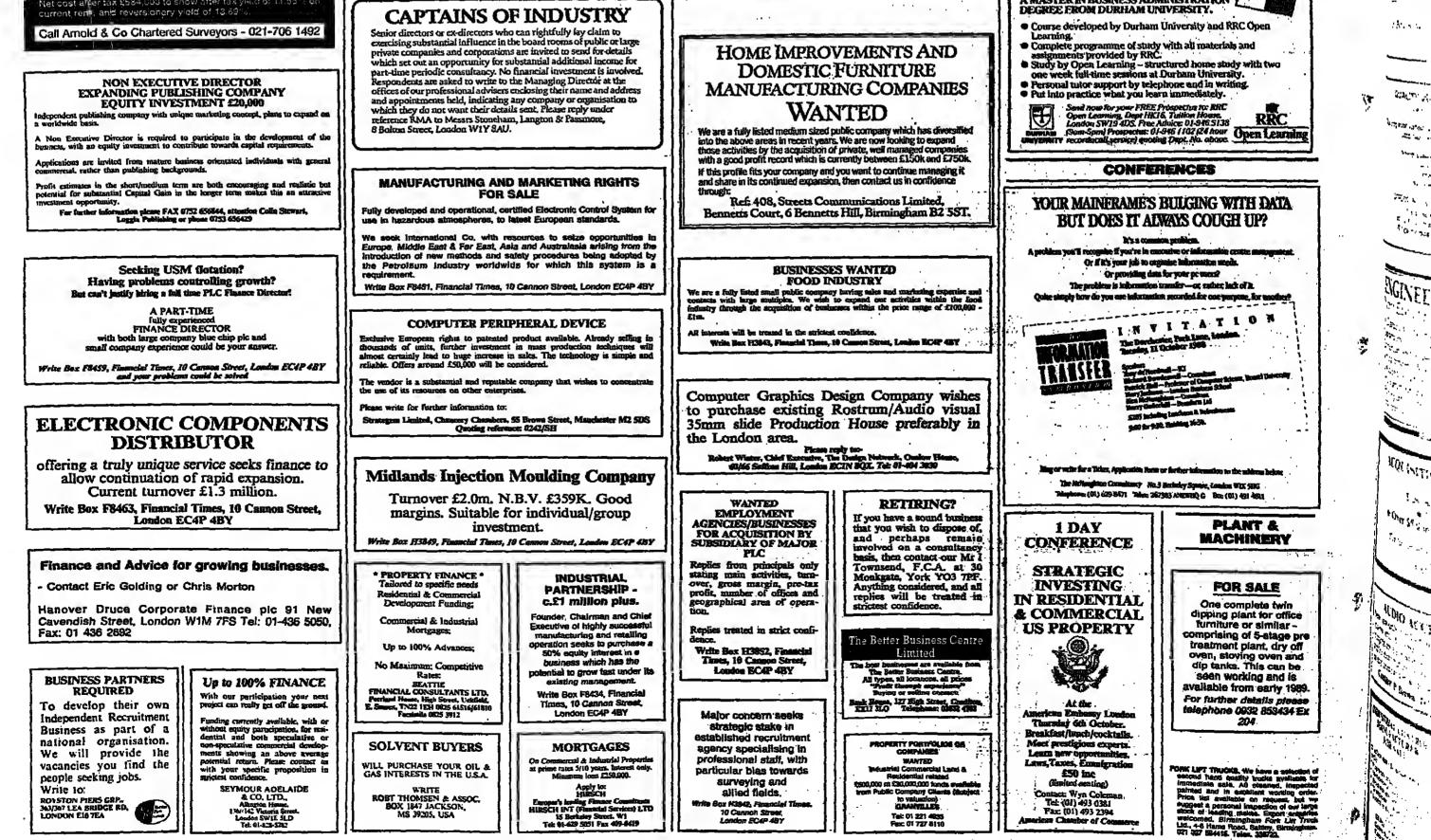
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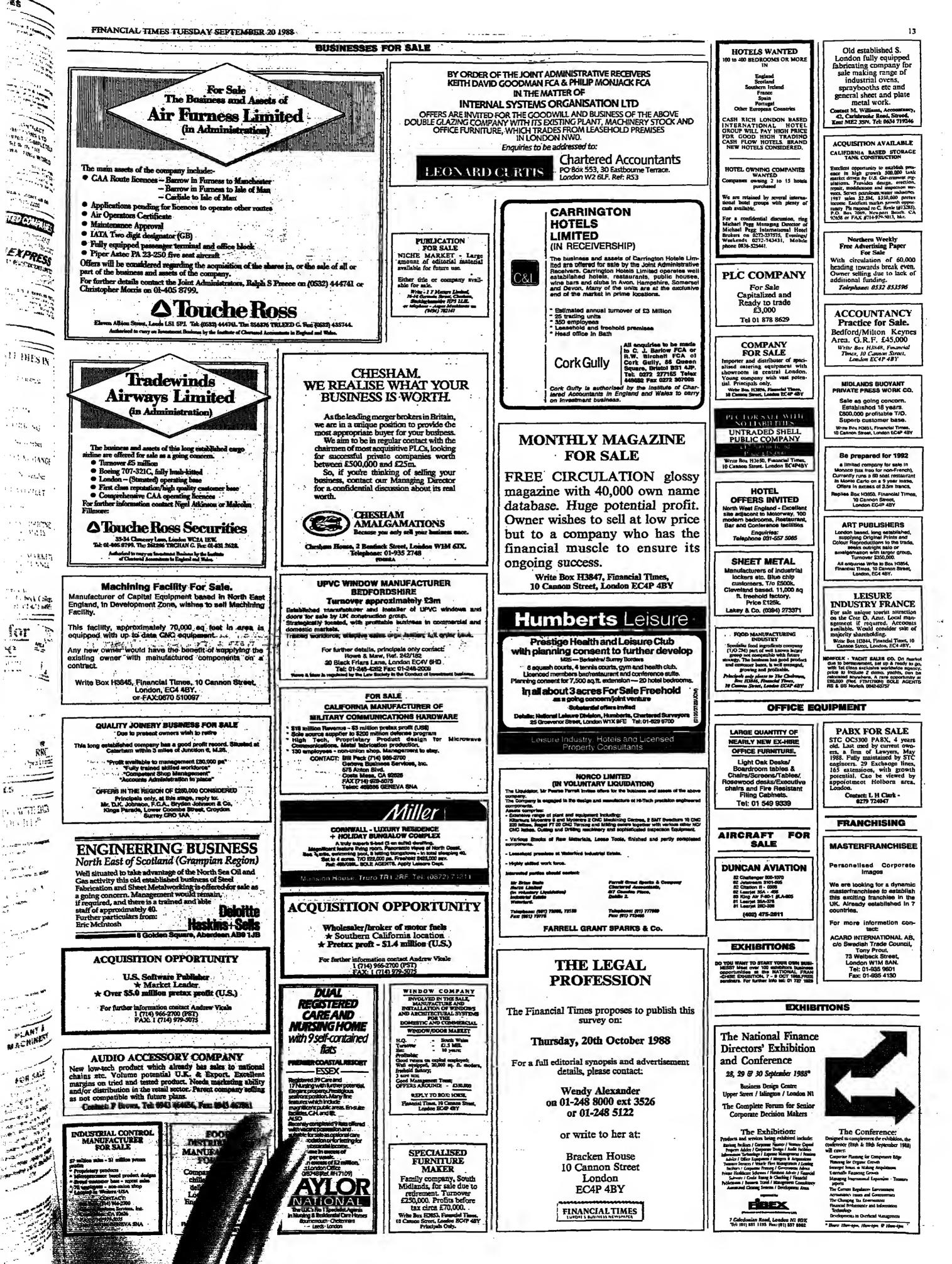
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FINANCIAL TIMES TUESDAY SEPTEMBER 20 1988

### TECHNOLOGY

# Program to solve the 'software crisis'

Clive Cookson reports on the search for better ways to design complex systems

t is hard to imagine a more challenging job for the computer software industry than to design a communications, command and control system for President Ronald Reagan's Strategic Defence Initiative (SDI). If the Soviet Union launched

a full-scale missile attack on a full-scale missile attack on the US, the SDI computers would have to analyse instantly a torrent of informa-tion, amounting to perbaps bil-lions of bits of data per second, sort out ambiguities and present senior officers with a single

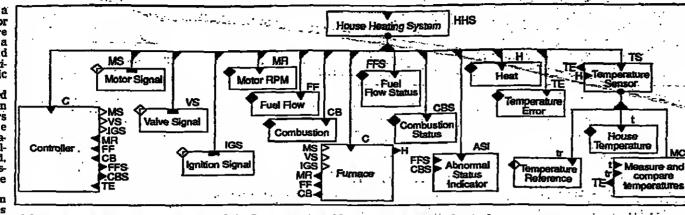
coherent picture of events. Indeed the computer system is often seen as the Achilles beel of "Star Wars". As a matter of priority, the SDI Organi-sation in the US Department of Defence is encouraging the development of better and more reliable techniques for designing extremely complex systems, which can process vast amounts of data in "real time" (with only a fraction of a

de

second's delay). So far the only non-Ameri-can system design tool which has been evaluated and sup-ported financially by the SDI programme is Auto-G, produced by Advanced System Architectures (ASA), a small UK company based in Camber-ley, Surrey, Last year the Institute for Defeoce Analyses (IDA) assessed five leading design tools for the SDI Organisation and found that the two which came closest to meeting requirements were Auto-G and Tags, developed by Teledyne

Brown Engineering of the US. Auto-G is a good example of computer-aided software engi-neering. Case tools help the designers of complex computer systems to work more quickly and efficiently and to write bet-ter programs, in much the same way as Cad/Cam (computer-aided design and manu-facturing) tools eoable engineers to design and produce objects on a computer screen.

Case is a response to what is often referred to as the "software crisis" - the increasing tendency of complex systems to be delivered late, way over budget and not working prop-erly. According to a recent report on Case by Ovum, a London-based consultancy, the average large software project costs twice as much as its initial budget and is completed a year behind schedule; a quarter of projects are never com-pleted and the remaining three



A house heating system designed with Auto-G, a computer-aided software engineering tool

quarters end up so full of they are really just jottings -informal statements of wbat errors that software profession-als spend more time maintain-ing existing systems than the system is required to do," eveloping new ones. The software industry is

remarkably unwilling to use computers to improve its pro-ductivity and quality. Many systems are still designed with peocil and paper. The design is n converted to hundreds of thousands of lines of computer code by human programmers rather than by an automatic

code generator. According to Ovum, the Case market is still small - worth only \$140m in the US last year but it is growing at almost 100 per cent a year. Even so Case will not be in general use by software development pro-fessionals for another 10 years. Auto-G uses a formal graphical notation, G, invented by Göran Hemdal, who led the development of the successful AXE electronic telephone exchange sold by Ericsson of Sweden. It enables software engineers to build up a system on a workstation in stages, from the initial concept to the most detailed level of design. When the design is complete it can be translated automatically into whichever programming language is required. ASA offers translators (code generators) for several lan-

guages, including C (used in telecommunications, for exam-

ple) and Ada (for defence pro-

iects).

Chris

he says. "With Anto-G, every symbol has a formal machine-translatable meaning. The engineers can sort out precisely what they want the system to do at the beginning of the design cycle; they take the ambigu-ities oot of the user's requirements. Then we have a consistency checker to make sure that the design stages are con-sistent with each other." Williams argues that Auto-G

The software industry is remarkably. unwilling to use computers to improve its productivity and quality produces coherence from first takes more time than we concept to completed software, unlike other Case techniques, such as Core from British Aerospace and Mascot from the

UK Ministry of Defence, which cover only some of the design stages. The end result, he says, will be more reliable computer systems, produced more

In the past two years ASA has sold 18 copies of its Auto-G design software, which runs on DEC or Sun workstations. All the users are building complex real-time computer systems for telecommunications, aerospace or defence applications.

For example, AT&T Philips Telecommunications, the US-The working diagrams of Auto-G look superficially like Dutch joint venture, is using the flow charts produced by conventional systems design techniques but, according to Auto-G and a C code generator to design a product. George Newsome, senior development Williams, managing director of ASA, they are very-different. "Conventional flow \_\_\_\_\_\_technology "we expect substan-

expected to get the designers familiar with this tool. Indeed not all of the present designers are capable of using it." David Fairbairn, UK manag-

some engineers to use the tool.

"It is such a significant change in our way of design that it

cal system.

ing director of the Case consul-tancy James Martin Associates, says that he frequently comes across similar problems among companies introducing Case in the industrial and commercial sectors. "Our experi-ence is that one of the biggest difficulties is making the cultural change in an organisation to get these techniques understood and used."

Even the Japanese find it difficult to accept Case. "Some people hate using these kinds of machine," says Shuji Tatebe, who runs Toshiba's software

design centre near Tokyo. His engineers are using a network of Sun workstations and Toshiba portable comput-

the second state of the second

. . . charts may look formal, but tially to redoce the system ers to design complex comouter systems, for example to control nuclear power stations. At Toshiba the final step of translating the system design life-cycle costs of this product, in particular software mainte-nance costs." Chris Williams of ASA claims that the total savings compared with conven-tional methods will reach 80 to programming language is still done manually, Tatebe per.cent over the life of a typisays, because an automatic code generator could not cope with the complexities of the Paul van Gerven of Atea, the Belgian telecommunications Japanese language and its Kanji characters. company, calls Auto-G "a major step forward," but says the company has had unex-pected difficulty in persuading Fairbairn, a former director

of the National Computing Centre, says that successful introduction of Case requires not only management commit-ment but also extensive staff retraining. "It's comparable with the problems they encountered in the auto industion line."

Dennis Fife, director of the guage forms and new graphics to express aspects of the sys-

The manswered question is how to make the tools easier to use, while maintaining a rigorons and unambiguous approach to systems design

----BT multiplies calls per cable BRITISH Telecom has successfully demonstrated coherent (single wavelength) optical transmission of information over an existing optical cable between Cambridge, Bedford and St Neots. The company says such systems, which produce a 10-fold increase in the number of phone calls the fibre can carry, had previously only been shown in laboratories.

In the 1960s and 1970s, fibres could be made to work only in the so-called multi-mode, due to fabrication problems. This meant that the tight making up a short digital pulse took a number of paths, by multiple of paths, by multiple reflections from the inside walls, and arrived at the receiving point at different froments. So the pulses were "smeared" over a longer time Interval and fewer could be accommodated, restricting the information carrying capacity (the number that could be sent per second). From about 1980, improved fibre construction allowed

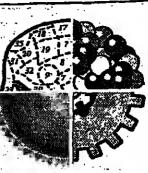
only one mode and "monomode" working was born, allowing much more information to be sent. But because the light used was not a pure colour (single wavelength) and different colours travel at different speeds, there was still some mearing at the receiving end

In the BT system, lasers and other devices are used to split the light into a number of separate, pure colours. Each colour can carry its own set of pulses, which are sorted out at the receiving end by filters.

Instead of carrying about 7,500 phone calls, a fibre will be able to carry 75,000. But it will be some years before the system is fully developed

### The strengths of ceramic filters TECHNICAL Insights, a US

market research company predicts that a relatively new product, the ceramic membrane, will constitute a \$250m market by 1992. These new filter units are extremely robust, unlike many conventional devices: While highly effective in removing tiny particles or separating one fluid from another, they allow flow rates to be doubl or tripled by increasing the pressure, but without risking They can also be aterilland



### WORTH WATCHING

Edited by **Geoffrey Charlish** 

easily with steam and cleaned by backflushing at pressures of up to 25 atmospheres, using the most powerful of bleaching agents.

Applications include clarification in the food industry, the retrieval of finely divided catalysts in nical pri cell harvesting in the pharmaceutical industry and

the treatment of waste water. **Technical Insights has** produced a comprehensive report, entitled Ceramic

Membranes: New Horizons in Membrane Separation, which costs \$1,000 outside North America.

### New life for old asphalt

ROADWORKS produce old asphalt which is difficult to re-use because it no longe bonds well enough. Applied alone, it cannol wilhstand heavy traffic and so has to be mixed with fresh bitumen. Degusta, the West German materials and equipment group, has been co-operating with universities and civil engineering companies to find ways of increasing the adhesive efficiency of Old bitumien. The aim is to save money and eliminate dumping

The work has resulted in a bonding improvement additive, an environmentally acceptable version of a group of chemicals called silanes, which are compounds of silicon and hydrogen. The chemical allows the amount of old asphalt mixed with new to be increased by one third.

problems.

Tests show that the revitalised material meets today's specifications and trials are in progress on the A5 autobábn nee eer Frankfurt

a bester the first

Telephones for private fliers

TELEGLOBE, of Canada, plans to introduce a satellite communications service for corporate and private aircraft during 1990.

Called Aerosal, it will provide such aircraft, flying in the remotest of areas, with reliable communications to most parts of the world. Signals will travel from a flush-mounted aerial in the roof of the aircraft, via one of the geostationary communications satellites, to a ground station and from there into the global

telephone system. The airborne equipment and ground station have been developed with the Can Government's Communictions Research Centre. The service has been on trial in air ambulance work.

### A system for seeking sites

SOFTWARE from Property Inteiligence, of London, brings together property data, like price levels, rents and rates, with demographic and socio-economic information on more than 500 towns. on more stan see towns. The programs are almed at the people who decide the location of new retail outlets and other premises in towns.

Data and programs, which can be loaded on to any personal computer with a hard disc, are organised to allow quantitative analyses to be obtained, so that town can be selected by preferred criteria.

Recognising fingerprints

AN ELECTRONIC fingerprint recognition system, using the UK-developed transputer "chip", is on trial at the Home Office. Several chips form an array to process the large amount of information generated.

The system has been developed by AFTeC, a consortium formed by Logica and CAP, UK comput systems houses. The array is tied into a Digital Equipment VAX screen and keyboard, image capture devices and an optical disc system for storage.

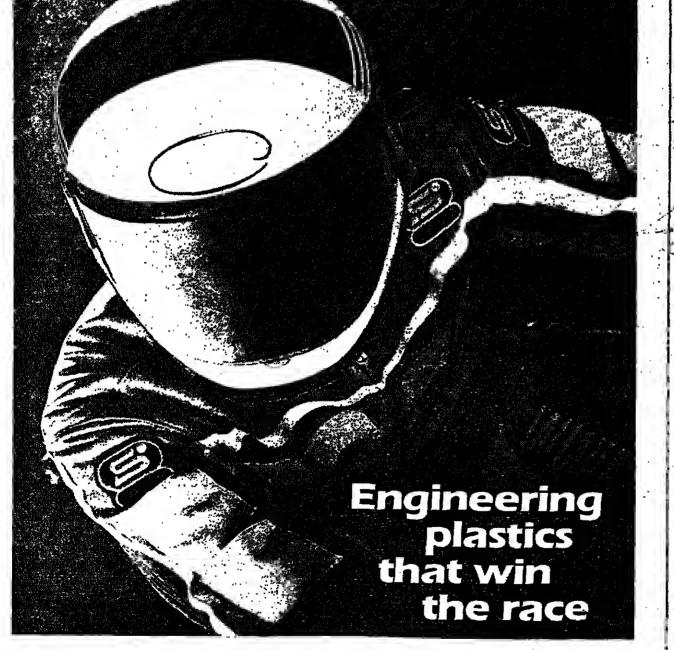
CONTACTS: British Telecom: London, 356 5368. Technical insights: US, (201) 568 4744. Dogussa: Germany, 69 216 2860. Telegiobe: Canada, (514) 289 7490. Property Intelligence: London, 839 7684. Logica: London, 637 9111.

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try when they went from job lot assembly to a full produc-However, one reason why Case tools are sometimes not welcomed by engineers may be that they can be difficult to use. The IDA found that "all the tools have some non-obvi-ous, error-prone or otherwise bothersome features.

IDA evaluation, feels that Case-tools must also be made more. flexible. "The problem with all these tools is that someone up in the clouds has assumed the position of saying what's best for everyone. The tools should be more adaptable so that a user could make up new lan-

tem's design or behaviour that no one else has thought of."



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olways ready to help solve any processing problems that customers may have.

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# You Can Hear The Whistle Blowin' Round The World.

If you think we're just a railroad, take another look.

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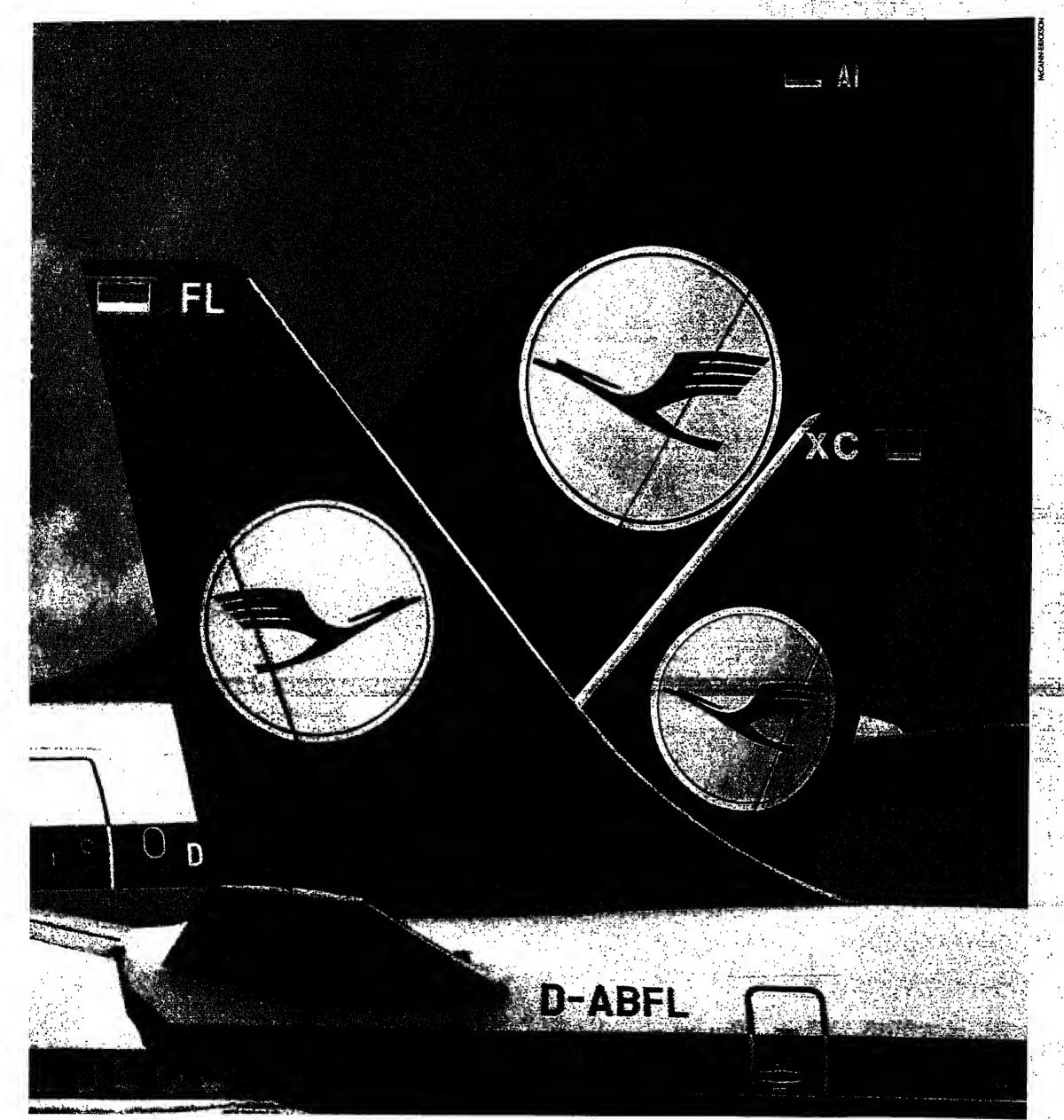


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Transportation/Energy/Properties/Technology

# **Starting for Germany.**



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# **FINANCIAL TIMES**



New jobs are being created in hundreds whereas old ones were lost in thousands, observes

David Spark. the author of this survey. Yet there are signs that a

county of diverse regions may be on the mend as many companies relocate to the middle of England.

# **Renewing the** foundations

DERBYSHIRE HAS had its historic moments the arrival and retreat of Bonnie Prince Charlie; the courage of the vil-lagers who stopped the plague spreading from Eyam; the industrial revolution beralded by Arkwright's spinning frame; the struggle to establish the Pennine Way. It has the grandeur of the Peak and, to the east, splendid panoramas of village-crowned foothills. It has its high-profile MPs - Mr Tony Benn, Mrs DERBYSHIRE HAS had its.

MPs - Mr Tony Benn, Mrs Edwins Curtle and the "Beast of Bolsover" Mr Dennis Skin-ner - and its Danish pace bowler, Mr Ole Mortensen, unfortunately not available for the England attack.

But, in the main, it is a low-profile county which has not tronbled the headline-writers much since the long-forgot-ten Clay Cross rent rebellion. Even when something exciting happened, like the run on the local building society when Rolls-Royce hit trouble in 1971, the rest of us hardly got to hear about it.

The Derby ram may have been 10 yards high, according to the song, but Derbyshire's 900,000-odd paople do not flaunt their county identity. This is scarcely surprising, given the manner in which the Pack divides them To the Peak divides them. To the

north-west, Glossop and Cha-pel-en-le-Frith are attached to Manchester. To the north-east, Chesterfield looks to Sheffield. Derby is the centre for mid and

Derby is the centre for mid and sonth Derbyshire, many of whose people leave the county to shop in Nottingham or Bur-ton-on-Trent. Derby, a slightly faded, Geor-gian, council house-ringed city with an exquisitely Georgian cathedral set in a traffic sys-tem reminiscent of the Chat-sworth maze, was long prosworth maze, was long pro-tected from ill winds by Rolls-Royce, the railway work-shops and Courtaulds.

Now, shaken by job losses at all three, it is seeking to brush itself up. It has even launched a Brighter Derby tidiness cam-paign. Meanwhile, representa-tives from northern Derbyshire have been to London to complain about being denied indus-try-attracting help, especially from Europe, vonchsafed to neighbouring South Yorkshire and Manchester.

and Manchester, Derby and Derbyshire want to put themselves, their prob-lems and their achievements on the national map. "We in Derby are rather fed up of being told we are a city just up the road from Nottingham." says Mr. Mike Kaye, assistant director of planning. Mr Harry Cowley, the county



village green at Monyash, in the Peak District

# Derbyshire

offices for Derbyshire factories are often elsewhere. Derby does have a few head

planning officer, points out that unemployment has failen less in Derbyshire than in Britain as a whole. He tells a sad tale of redundancies. offices, nevertheless. Mr Nigel Rudd has established there his acquisitive Williams Holdings, owner of Crown Pathts and of

This does not make Derby-shire an unemployment horror story. The mid-county area around Belper, for instance, has such varied industry, old Berger. Then there is Thomas Robinson, run by his brother, Graham; and there is the national developer and house-bnilder, Raine Industries. Above all, there is British Rail, and new, that it has ridden out the loss of English Sewing Cot-ton to Scotland. It is handily employing more than 2,000 people at its Derby engineering

ton to Scotland. If is handily served not just by the M1 but by the new A38. Farther north, the retreat of coal mining has left Chester-field and Bolsover with unem-ployment around 13 per cent. It is 20 per cent in the centre of Darker Aclana and Wart Indi and research centre. Derhyshire draws benefit from being in the middle of England. Quester, a London company which manages ven-ture capital, has set up its regional office at Ashbourne. Derby: Aslans and West Indi-ans went there to work in the foundries and were stranded Mr David Wallis, of Vistec, a when some closed.

when some closed. Compared to the UK as a whole, much more of Derby-shire's workforce is in manin-facturing. Much less is in the service industries that have created more work. Notting-ham is the East Midlands capi-tal, with all the service jobs that that means. The head Belper computer systems com-pany, says: "Many of our cli-ents have branches scattered across the country. Geographi-cally, we have access to all the main communications lines."

Since 1984, jobs at Vistec have doubled to 200. Mr Wallis adds that Derbyshire colleges

are an excellent source of tal-

here."

sistant upholstery foam, employs 120. But the fall in the number of

young people seeking work will reduce the total number of jobs required. West Derbyshire has lower

unemployment than the more industrial east, but faces similar problems. Jobs are gradually disappearing from its farms and quarries. The small sheep farms of old do not provide a livelihood unless accom-panied by a milk quota.

ance, began making for fellow climbers an anchoring device called a "friend", invented by an American, Mr Ray Jardine. A member of the park plan-ning board, be has switched bie manufacturing to Wales But factory-work in the area dates back to Arkwright, and his manufacturing to Wales while retaining his base employing 40 people at Eyam. At the village of Monyash, the planning board is trying another Europe-backed the green and bealtby back-ground is popular with people who want to run high-tech firms. These, if small, can be housed in existing buildings. another Europe-backed approach called integrated rural development. Various agencies offer money to rural But what happens when they

get bigger? Mr John Anfield, chief plan-ning officer for the Peak Park to re-seed meadows or preserve their wild flowers; to preserve which has a population of 38,000, says: "It has begun to hit us only in the last year or stone walls or replace them with fences. Why not put the money in one fund and ask the two. We have been very keen to develop industrial estates to help continued employment. At what point do we say "Thank you very mnch, but national parks are fragile areas"? A settlement can get too dependent on one employer." High Peak Plastics, needing

more space at Tideswell, east

### CONTENTS Industry Profile: Pektron Mining Regeneration Profile: Derbyshire Enterprise

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Profile: Thorntons Property Tourism

from town to country than vice versa.

Glossop and north-west Der-byshire face a different set of problems. The textile industry has largely moved out, and the Manchester and Stockport commuters have moved in. They do not shop much locally. Meanwhile, what returns to earth from the molybdenum smelter's 350ft chimney is the subject of a public inquiry.

Mr Alf Smith, of Glossop Traders Association, sees tour-ism as the key to trade and jobs. The annual Victorian weekend attracts 80,000 people. "We would be pleased to have day-trippers," says Mr Smith. "If a coach comes in, it is money to us. We have fabulous scenery. If you get people com-ing in, you will get the hotels."

The general impression that Derbyshire creates is of a county on the mend. "We have some decent husinesses." says Mr Martin Taylor, a director of Courtaulds, referring to his company's Derbyshire clothing factories. What is good about Derbyshire is that it has rea-sonably small communities where people have industrial skills."

There are three worries. One is exports: Mrs Glenys Goucher, of the chamber of commerce at Chesterfield, which handles the documents, says less exporting is going on in north Derbyshire. Another is investment in manufacturing: there seems to be a great deal, but the Enterprise Board says it is 23 per cent below the national average.

of Buxton, had to leave for Hyde, near Manchester.

areas, for conflicting purposes:

village how to spend it? One result is more jobs for dry

Finding jobs remains diffi-

cult for the rural unemployed.

stone-wallers,

A climber, Mr Mark Vall-

The third is knitwear, an important industry close to the M1. With the cbeaper dollar and the dearer pound, the com-petition is hotting up, espe-cially from China and from Turker, which has dury from Turkey which has duty-free access to the European Com-munity. Even the Germans and Italians are manufacturing in Turkey, says Mr John Harri-son, of the Knitting Industries' Federation.

British firms, he adds, have invested in training and com-puter-aided design, with the help of colleges like Derby Lonsdale. But we are playing They may not be cut out for high-tech. They may lack transport to travel into towns. It is usually easier to travel

Mr Richard Massey, chief executive of the Derbyshire

Enterprise Board, says that the stirring in the national econ-omy has spread up the M1 to Derbyshire. "We are getting a large number of husinesses wanting to locate or expand

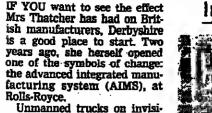
Some places could be short of workers, while others have long-term unemployed. Long Eaton, between Derby and Not-tingham, is popular but "it's no good building in Long Eaton and expecting people to travel there from Derby".

there from Derby". What strikes an outsider is that, while new jobs are cre-ated in hundreds, old jobs at Rolls-Royce or in the coal mines were lost in thousands. Beaverco's pioneering factory at Alfreton, making flame-re-sistant upholstery foam.





Industry continues to pursue new markets with new products



ble rails carry aero engine discs to computer-controlled machines, thus cutting to six weeks a manufacturing and assembly process which used to take six months.

Derbyshire boasts many well-known brand names. among them Sun-Pat, Swarfega, Charnos, Stilton, Royal Crown Derby, and a bewildering range of products: cus-tard powder, liquid soap, flame retardants, valves, children'a wear, bollers, and even suits of armour.

Companies differing widely in size and industry bave shared a common experience. Changes in markets, accentu-ated by the over-valued pound of Mrs Thatcher's first years, hit sales and jobs. It was no longer possible to earn a living by making the same things in the same way for the same customers.

Companies needed new products for new markets. They needed investment to raise both quality and productivity and to match international competitors. Staff needed new motivation, while some dropped out of work altogether.

Turnover at some companies has risen well. For example, it was up from £104m to £146m

last year at Derby-based Cour-taulds Acetate, which trans-forms wood pulp and cotton into yarns, labels and cigarette filter material. But employment is not back to former leveis

**NEI International Combua**tion, of Derby, a pioneer of low-pollution boilers, has won a contract to supply two for Fawley B power atatioo, the first major coal-fired boiler order placed by the CEGB in a decad

Staveley Chemicals, produc-ing caustic soda and sulpburic acid near Chesterfield, employs 480 people, compared with 900 in 1982. But its old association with coal mines and coal-derived benzine has led on not just to berbicides but to dithranol, a drug for treating ringworm.

After two years' work, Staveley achieved a 99 per cent purity, which has won it two thirds of the world market. Chesterfield's biggest private

employer, Robinson, supplied willow pillboxes for 19th century chemists, and bandages for a Derbyshire heroine, Florence Nightingale. It went on to make cotton wool, sticking plasters and disposable nappies on the one hand, and boxes for gifts and porridge oats on the other. The recession cut its employment from more than

2,000 to the present 1,800. Mr Philip Robinson, the chief executive, says: "We survived the recession but we needed to get ready for the 21st century we have multi-national over-

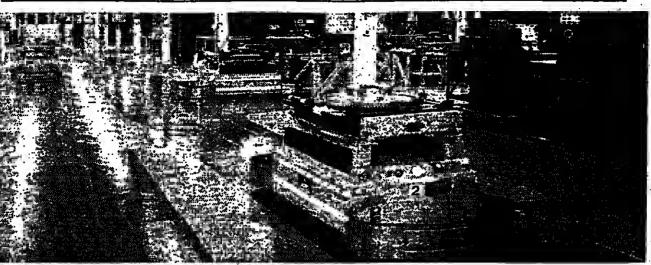
- we have multi-hatonal over-seas competitors. "We changed the image to let people inside the company know we were going to be a different company. We made it a policy to get things right first time and every time. Now we are moving into new markets for plastic packaging for cosmetic

At Whaley Bridga, in north-west Derbyshire, Mr Robinson and a partner have invested £5m in a bleaching factory, to open a new market for non-woven fabric in medical products.

The Higb Peak's biggest industrial business is Ferodo, set up at Chapel-en-le-Frith by a Mai ter millionaire'a son who went there for his health, saw farm wagons careering down the hills and decided to

produce brake linings. With fewer cars made in Britain in the past decade, employment at Ferodo has dropped from 3,500 in 1978 to 2,350 now, but has been bolstered by the company's win-ning orders for its disc pads for Mercedes and Audi cars.

Mr Don Thornton, publicity manager, says: "We had to set



Rolls-Royce's advanced integrated manufacturing system in action

# **Better turnover, fewer jobs**

up companies in Germany, so that we could have Germans selling to Germans." Robot production has improved qual-ity. "In the past, the quality was not good enough for Ger-many - now it is better," he

says. British Rail Engineering Ltd. which builds, repairs and refurbishes rail vehicles, has its headquarters and two of its four remaining workshops in Derby. It has seen its employ-ees there diminish to 4,700,

gramme that kons-koyce has been in from the start. Witb its Tay series, Rolls-Royce hopes to re-engine earlier noisy airliners, includ-ing Boeings. And, by devising a honeycomb construction which every from blocks to ha which allows fan blades to be wider and more stable, it has from 8,000 in 1970. Britain runs far fewer rail wehicles these days, and they need less maintenance. More-over, BREL is no longer given British Rail's work antomatically but has to tender keenly, and this cuts into its profits.

Overseas, it must compete with Far East makers, and be content to sell prototypes for local copying. It stands no chance in France or West Germany, at least until 1992. But, diversifying into non-

rail work, BREL is overhauling Land Rover engines for the Ministry of Defence, and build-ing 284 bathrooms for the Langham Hilton in London. It has divided its business into sections, each responsible for

showing a profit. Six hundred of 1,400 redun-dancies announced last September have not yet taken place; British Rail lodged extra orders because BREL is now np for sale. An-increase in rail assengers, asking for more frequent services in new coaches, also cheers BREL. Rolls-Royce, in Derby, now

> 1946 - March (1947) - 1947 - 1947 - 1947 - 1947 - 1947 - 1947 - 1947 - 1947 - 1947 - 1947 - 1947 - 1947 - 1947

offering a much wider range of made its engines simpler and civil aero engines, won a key order when American Airlines chose RB-211 535E4s for up to more efficient. At Farnbor-ough, it unveiled for the Airbus 330 the biggest aero engine Chose RB-211 SSB48 for up to 100 Boeing 757 airliners. Rolls-Royce is well-established in the 747 programme, but the 757 is the first Boeing pro-gramme that Rolls-Royce has in the world.

Mr Frank Turner, director for civil engines, went with trade union representatives to see American production methods. One result was the divi-sion of Rolls-Royce, Derby, into centres of excellence, each doing a particular job. "They know that, to survive,

they have to be internationally competitive," Mr Turner says. "In productivity, we have

Coal: the last pits are struggling to survive

Production rises as costs are controlled

OPERATING COAL mines in 1988 is a roller-coaster experindustry spokesman. "Another it can be right down. The whole area at the moment is on a high."

Derbyshire's 100-year-old collieries, mainly just east of Chesterfield, are engaged in a gritty and successful campaign to stay alive, despite lifting floors, distorting roadways and other geological problems. Being close to British Coal's technical department, which is

on Derbyshire's southern bor-der, they get some of the latest Steetley, Tarmac - in place of the family firms of old. It, too, has lost some jobs, but its con-tinuing local importance can be gauged from the fact that the Castleton cement works, mining machinery. Conveyor belts these days are run by computers, from control rooms full of buttons, switches and visual displays. where gritstone and limeston meet, employs 500 people. It has rall access, which reduces the number of heavy lorries pounding the roads of the These few remaining bas-

tions of Derbyshire coal mining are the backbone of British Coal's Central Area which, so far this financial year; is Peak. 600,000 tonnes up on the last one. Its coal has been costing \$1.38 per gigajoule of energy, which is less than that in any sworth, the quarrying takes place in a national park. The

Peak Park Planning Board ha other area. To keep its markets, British Coal looks to its collieries to achieve £1.50 per gigajoule.or better. Bolsover, struggling to reconcile the interests of the qnarryworkers; and the with the park's appearance in which quarries can leave last year, is Derbyshire's pres-ent frontrunner, averaging 5.5 tonnes per man shift at £1.13 a

unsightly scars. ICI won permission a few years ago to extend a Buxton quarry into the park, but the gigajoule. Markham-and the minister has upheld t

FINANCIAL TIMES TUESDAY SEPTEMBER 20 1988

caught up, and more. We have successfully competed to mansuccessfully competen to man-ufacture parts of competitors' engines. The Derby workforce is superb, in skill and in com-mitment to the enterprise." He is happy that Rolls-Royce is scattered in the city on 18 different cities." A meaningthe different sites. "A manufacturinterent sizes. "A manuactur-ing unit has to have identity. If it is part of a big thing, it loees identity. We have a much alim-mer, more accountable organi-sation. Where 30 people used to do a job, three do it now, not just on the shopfloor but in the office too office, too.

"Our total attention to customer support and to reliabil-ity enabled us to win the ty enabled us to win the American Airlines order. When an airline is building a reputa-tion on quality of service, they need an engine that starts every time and they want to know how long it will last." However, the order does not mean more jobs. The current workforce, just under 13,000, against 11,700 in 1984 and 17,400 in 1980, is based on sup-plying at least half the engines for Boeing 757s. To date, Rolls-Royce has 60 per cent of the order book. Mr Turner adds: "There is a very big market for very large, highly reliable engines for twin-engined aircraft for the next 20 or 30 years.

next 20 or 30 years.

"Our prices are fixed by the international market place. We would like the dollar to be stronger, but we could operate at a more adverse exchange rate than we have today. "We are an international

company, but we do not underestimate the impact of interna-tional decisions on the local area, on people with a living to earn."

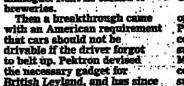
### PROFILE: PEKTRON

AT THE end of the working day, Pektron, on the northern fringe of Derby, resembles a college. Crowds of young women, and some young men, flood out of the redbrick

Mr George Morgan (right) the managing director, began back in 1965 to make instruments for power stations, with two apprentices in a room over a foundry. Pektron has since applied to pubs, cars and hour hlou appliances the power of modern electronics to answer problems without taking up much space. It now employs much space. It how employs 350 people (including Mr Morgan's three sons), and its annual furnover approaches £9m. In 10 years' time, it expects to employ 1:400. Mr Morgan learned his electronics with the RAF and beingen followers. When

Ericsson Telephones. When he started Pektron, "I had all

the normal bandicaps: a mortgage, a wife and children. I borrowed £100 from the Royal Bank of Scotland. I had no orders, but I had a strong conviction I could succeed. What he had spotted was that power stations needed digital instruments to replace analogue. Next he turned to breweries.



Morgan fears the county council will sell to a gone on to central-locking and to a windscreen-wiper control that removes the wiper from Portugal.



Department of Planning Council House, Derby DE1-2EP Tel: Derby 293111 Ext 556/585

Fax: Derby 290861



Rover 800. Pektron is now getting its controls accepted for new cookers, washing machines and central heating. It offers to devise electronic solutions

for customers' problems. Quality is essential. Everything must work both in the cold of Alaska and the heat of Death Valley. "If you let your customers down, yo can destroy the sales effort," says Mr Morgan. "The time when you made things and

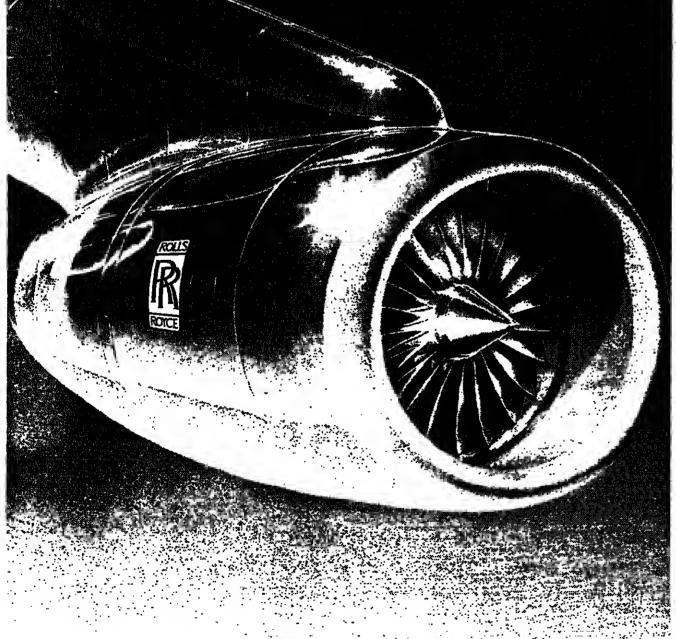
et the customer find the faults is long gone." He hopes 1992 will take Pektron into France and

Germany.

In a new building just pened by Mr Cecil Parkinson, Pektron is assembling components with the latest surface mount machines. Mr supermarket the land he needs for his next building. If so, he will probably build in

The







ROLLS-ROYCE plc, PO BOX 31, DERBY DE2 8BJ.

combined Donisthorpe-Rawdon mine, the last in South Derbyshire, are also well inside £1.50. Shirebrook, where one face had to be abandoned and reheaded. is on £1.72, but has just achieved its best ever week with 5.20 tonnes per man shift. Warsop, linked with the Derbyshire pits but in fact just across the border in Notting hamshire, also staged a recov-ery, while still causing the area director, Mr Tony Deakin,

some concern. Mr Deakin says that the area appears fundamentally bealthy. "We must strive to continue cutting costs and increasing ontput. The pres-sure is on British Coal to maintain its prices at competitive rates. Sales are increasing, and we are actually lifting from stock."

However, this is a much smaller Derbyshire coal indus-try than that of 20 years ago. Coal mining east of the Pennines has moved farther east as the shallower seams, out-cropping in the Pennine foothills, have been worked out.

In 1967-8, North and South Derbyshire employed more than 26,000 men, producing 15m tons. There are now only 6,500 men working in six remaining pits, including War-sop. One of the six, Renishaw Park, where 142 men work, will soon run out of coal. Derbyshire'a 1987-8 deep-

mined output was just over 6m tonnes (7% per cent of the national total). It was thus 40 per cent of the 1967-8 Derby shire figure, while manpower was only 25 per cent. This indicates how output per man has

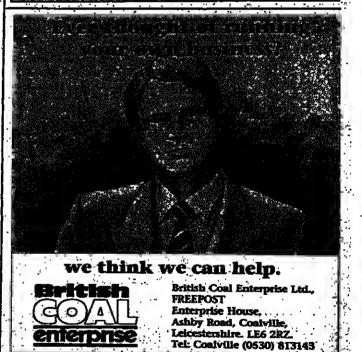
As well as the mines, Derby-shire has three opencast sites, which produce more than 750,000 tonnes a year. One is near Chesterfield, the others farther south near Ripley. One Ripley site is getting rid of a spoilheap from a former mine. The reduction in deep mining hit those Chesterfield firms that served the pits. Mark-bams, for instance. was founded by Charles Markham as the engineering works for his collieriea. Jobs there plunged from 800 in 1980 to ewer than under 300 in 1985. But it has won business in hydro-electric turbines; mining equipment for Zambia and tunnelling machines for the Chan-nel Tunnel, and now employs 325. Metry Engineering, which employs 60 people, now helps make cement mixers. In West Derbyshire, the

extractive industry is quarrying, now largely carried out by national companies - ICI

ning board'a refusal of two applications for roadstone, one at Eldon Hill quarry which has been called the park's biggest eyesore. The board's view is that, if the park's high-grade limestone is to be quarried, it should be for its chemical properties: other stone will do for roads.

Except at Buxton and Wirk-

The Peak Park - in particular, the spoil left by leadminers - is Britain's main source of fluorspar, used as a flux in the steel industry and as a source of fluorine for non-stick pans. The ore, like other ores, is separated from the dirt by wash ing, which leaves behind unpleasant ponds of tailings. Laporte Industries applied to mine fluorspar at Great Huck low, near the plague village of Eyam. It also proposed to put the tailings back in the mine. This roused fierce controversy between those who wanted the mine jobs and those who did not want the mine lorries. In the end, the planning board approved the proposal on strict conditions.



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FINANCIAL TIMES TUESDAY SEPTEMBER 20 1988 Tures.

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## **DERBYSHIRE 3**

IN FEBRUARY, the Derby and Derbyshire Chamber of Commerce called a conference to discuss how to attract invest-ment, create jobs and improve the county's image. It formed a city action group, which has put forward the field of a tech-nology park. Derby is also keen for its college of higher educa-tion to become a polytechnic.

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This is not the first drive to regenerate Derbyshire. Teryears ago the Civic Trust, with money from Sainsburys, launched a project - since continued by the local councils to rescue the quarry town of Wirksworth.

Wirksworth is just over the ridge that overlooks the Derhoge that overlooks the Der-went valley near Matlock. A quarry within the town made it noisy and dusty. By the 1970s, three-quarters of the population worked outside Wirksworth and half its shops were closed.

The project has helped to find specialist tenants for the shops: silversmith, cabinetmaker, picture-framer, fash-ions. It is, says the project leader Mrs Lesley Law, a footweary business. There are grants to repair town-centre huildings. The townspeople now include many employees of the county council at

Matlock. Wirksworth lost two Janet Reger factories but has gained a lingerie firm and a children's

wear company which, says Mrs to shipbuilders there. Haif its Law, has orders for years.

Much of Derbyshire's regen-eration has taken place inside industrial firms. To help cope with market changes, the Deb (for debutante) Group, which makes the dirt-remover Swarfega (originally-intended to stop people snagging silk stockings with rough hands), brought in a new managing director, Mr Bob Wrigley, four American cars.

vears ago. Industrial workers were getting their hands dirty in new ways, with hard-to-shift resins, for example. Customers needed not just dirt removers but advice. Offices and hotels were using more Houid soap, sold increasingly in cartridges rather than in bulk. "Deb had a serious lack of knowledge of the market," says Mr Wrigley. "Ws have tried to move from being product-led to being mar-ket-led."

The Deh factory is like a large automated kitchen, ingredients being stored in 50ft towers sunk in the ground to keen down the roofline. Now that shipbuilding has moved to the Far East, Deb is seeking to sell

business is abroad North Derbyshire moved nel borers. Mr Mike Horner, of the

Regeneration: councils and agencies are acting together

swiftly to counter the decline of coal mining and the loss of orders for smaller engineering . Mr. MIKE Horner, of the North Derbyshire Enterprise Agency, said that small firms which it had advised had cre-ated 400 jobs in the past year, three-quarters of them in retail and services. firms. Chesterfield took over. the offices at the old Staveley ironworks and turned them into workshops, which now make trophies, bedding, even

The corresponding agency in Derby is the Derby and Derby-shire Business Venture, now suits of armour, and repair In 1963 it looked as if nine offering 11m in job-creating, start-up and other grants for city husinesses. This was put up by British Rail Engineering in view of its loss of jobs. The county council provided out of 10 school leavers would not find jobs, Within six weeks, the chamber of commerce at Chesterfield took on 450 young-sters under the Youth Training.

Scheme. It is now training for Derby a centre for small for Derby a centre for small Insinesses. A success story there is Derby City Circuits, set up by Mr Tim Rudge and Mr David Gray, both skilled in electronic assembly. They cal-culated that, if firms were reducing staff, they would need sub-contractors - and there scarcely seemed to be any north of Reading. It was not as simple as that, but gradually nearly 700, plus 850 adults. Four in five of the youngsters find jobs afterwards. Mrs Glenys Goucher, the chamber's chief executive, says that business buoyancy locally has come not from the larger firms hut from small new ones like A.B.Hoses. With council help, this was started by Mr Phil Reaney so that his father, for whom he worked, would not have to make "any of the simple as that, but gradually they got their quality recog-nised and they now employ 40 lads, redundant", This year Mr

Reancy expects to exceed 2500,000 turnover, fitting hoses The biggest new employment centre round Derby is the East

City plan-zone is a pioneer

to machinery, including the Midlands Airport, just across local Michanes Channel Ton the Leicestershire border. It is the home base of British Midland Airways and the fourth largest cargo airport in the country. Nearly 3,000 people work there, at jobs which include fitting the seats into

Jetstream airliners. One of Derby's tasks is to convert old, abandoned industrial space into new. Under the Government's inner-city pro-gramme, it is receiving a £3.28m grant towards a £12 %m scheme for turning the former Ley's foundry site into an industrial park. This is Britain's first "simplified planning zone".

Mr Mike Kaye, assistant director of planning, com-ments: "The city council has done a deal with the Government. It has adopted what other anthorities were resist-ing. Because we have co-operated, we will get development fast."

English Estates to convert an old warehouse into 50 workspaces, up to 5,000 sq ft in size. Then there are 100 acres to develop at Chaddesdon Sid-

technology park. There is strong competition from retailers for space. Derby is pressing ahead with a new shopping centre (and so is Chesterfield). Mr Kaye says: "I enjoy working in Derby, because I think there are a lot

of opportunities. We have backing from the public and the council members, and we all work together." To house the current International Business Exhibition (250 stands this year), the chamber of commerce has had to bring over a temporary hall from Holland. It bas invited investors and developers, and also London representatives of overseas business. "If you want to export," says Mr Andrew Clark, the chief executive, there is nothing like getting hold of someone from the coun-

try yon are exporting to." Mr Clark, who has a six-year-old daughter, is particu-larly thrilled about the prospects of a Derby compact, guar-anteeing a job to school-leavers. "That guaran-tee has not been available since 1966 in most parts of the country. If you can do some-thing to seize an opportunity, you have to go bell for

leather."

Sweet centre enriched "THESE," SAID David Ward, "are butter truffle coated in sugar. I'm not safe to be left near them."

He is customer service manager for one of Derbyshire's growth businesses, which has spread from its northern and centres, which a conveyor then carries over a pump to be coated with chocolate undermidland strongholds into high streets throughout the land. neath. Next, a waterfall of chocolate coats them on top.

Thorntons, the chocolate The surplus is scraped off, for and toffee manufacturer, was founded by Joseph William Thornton in Sheffield in 1911, the taste of chocolate must not overwhelm the taste of the centre. On into a cooling tunnel, and then into a waterfall of white chocolate, which is frisked np by two rows of and now operates, under his grandsons, from Belper and from the £12m Thornton Park, at Alfreton, which it says is the most advanced, purpose-hullt confectionery plant in girls, to give a lattice-work appearance. A final pass through a metal detector, and Euro

the chocolates are ready. Elsewhere, a sheet of cara-The Queen opened it in 1985. mel is emerging from a rolling mill, and chocolate is being span in moulds to make spherand it has now been extended so that the whole process of making chocolates, by several different methods, takes place ical shells into which soft fillthere, monitored by computer. ings can be injected. This spinning technique is also used for

"We are also trying to get together a database of what everybody does and makes. You have to wear a cap and white coat and put away your Let's look at ourselves as Der-byshire plc. Let's buy what we can within the county." Easter eggs. Despite all the high-tech, watch, so that no hairs, fibres or metal objects find their way into the mixture. Staples are women still make chocolates by hand, too: first a little chochanned from the paperwork.

"In Australia," says Mr Ward, "we have a man whose finted paper case, then some raisins soaked in Grand Marnier (of which Thorntons uses ginger is grown specially for

Compton

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5.200 litres a year, not to men tion 8,500 of rum), then a whorl of chocolate piped on

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the top like icing. Mr Ward points ont that, hecanse Thorntons sells mainly through its own shops, it can make sure its customers buy coocolates fresh. It now has 200 shops, and also sup-plies around 100 gfft or greet-ing card shops, including those of its Scottish subsidiary, Mary Morrison. It also snpplies Marks and Spencer and has jnst moved into Europe, acquiring the Belgian firm of Gartner which sells in France and Germany.

Since 1983, Thorntons' turnover has almost donhled, a forecast of £51.5m being made for the year to last May wben 17m Thornton sbares were offered on the stock market.

Two years ago It opened its first Northern Ireland shop, in Belfast. "I was there on open-ing day," recalls Mr Ward, "and it was unbelievable. It became the highest volume sbop within Thorntons from day one. The Scots and the Irisb eat more sugar confec-tionery per bead than anyone eise in Europe."

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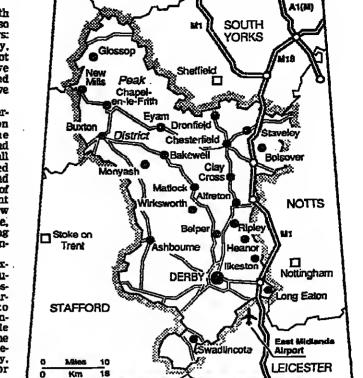
Derby, and opened the Heanor factory to make skirts for For-mula One cars. Then the Bookbinder, to press for the Bookbinder, to press for the board to be set up. Before he joined the board, Mr Massey had been in bank-ing for 20 years, having taking it up originally with Barclays as a temporary job. But It had fitted well with his interests in rugby and athletics, and so he staved on. "You should try to French banned skirts and the resulting row meant that no cars were being made. How-ever, ACG survived. It made the chassis for the Jaguar sports car which won this year's Le Mans. It has gone on into parts for aircraft and artistayed on. "You should try to ficial limbs, missile fins, spin-naker poles. But its most advanced work is on the tools do what you get some enjoy-ment out of, he says. The board made an early

decision to offer investments in tha £50,000-£350,000 range, unpopular, with other institutions, because "it is too expen-sive to look at the proposals, you decline." One of the first. was in Servicecall, set up by a wheelchair-bound engineer, Mr. David Walker.

Service call provides receiv-ers. and hand held infra-red ethnic minorities and with the transmitters (all made in Ches-support 'of the Prince of

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Derhy has also invited ings, which might include the



WEST YORKS

**PROFILE: THORNTONS** 

us. In France a man grows walnuts for us. Everything is

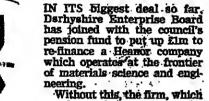
harvested to our specifica-

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tions."

# DERBYSHIRE ENTERPRISE BOARD The 'plc' approach -Rochdale, but soon moved to Derby, and opened the Heanor factory to make skirts for For-the council leader, Coun David



employs abont 150 people, could have had to sell out to a bigger company, and might have left the county. The enterprise board, set up

by the county council last year to promote Derbyshire industry, has now invested most of its first £1m in five companies. It has three more deals involving £500,000 nearly completed: The next step, says the chief executive, Mr. Richard Massey, is to make investments jointly with City institutions.

The Heanor firm is the Advanced Composites, Group. It was started 13 years ago by a chemist, Mr Roger Sloman, in

Iarch-Iap

AGUAR

BARBURT

for making these composite fibre components. "We know more than anyone about the technology required to make accurate parts in composites," says Mr Sloman, "Wa bave not really started exploit-ing the technology to the full. The ACG investment is grati-fying for Mr Richard Massey and his enterprise board staff, located in a converted house in Chotterfuld We had a mell as Chesterfield. He had a spell as

BERCHT

Mr Richard Massey terfield) which enable disabled people to summon attention at petrol stations, banks, chem-ists' and building societies. In Derby, the county council

is re-opening the former Der-went School as a husiness development centre. The board will offer advice there to busi-ness people, and there will be space and tools to test ideas. There will be officers to help

Wales's youth husiness trust, young people. Mr Massey is keen on bringing advice under one roof, so that inquirers are not referred from one office to another. "We won't change the world overnight," he says. Derbyshire does not want to attract

firms at the expense of employ-ment elsewhere. "There is not a lot of point in attracting people across borders only to see them disappear again. It is a matter of how to get people into work who are out of work, and how to get companies into a better economic position. We want to make sure no chances of employment are lost and all the resources industry needs are available."

One approach is to collect information on factory sites.

"We are trying to get the

public and private sectors to

work together," says Mr Mas-sey."A lot is happening. I think

there's a new awareness.

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**DERBYSHIRE** 4

# Property: out of the shadow of Nottingham Signs of better times

THE CITY of Derby is adjusting to a period of new building development in all its markets.

The council is at the fore-front of the oew prosperity, with the refurbishment of the Victorian market building. Although small in terms of expenditure, the project is a sign of the improvement in the city's fortunes. The scheme, on the edge of Derby's shopping centre, is due for completion in 1989 by Tarmac Refurb. When the traders move back,

they will find the hall restored to its original Victorian atmosphere, at a cost to the council of £3.5m. Derby's property market has

been bectic over the past cou-ple of years. During this time, work started on the city's first two speculative office schemes since 1973; there was what is claimed to be the country's biggest letting; the first Simplified Planning Zooe; and the biggest

city grant yet awarded. Traditionally, Derby has had a small office market. Firms seeking a regional office have gone to Nottingham. This is now changing. Hallam Brack-ett's Bryan Huckerby says: "Derby's office market bas been in the doldrums since the mid-1970s when a lot of the newly-built speculative space was not takeo up. But in the last 18 months peak office

rents have risen from £2 and £3 per sq ft to £5 per sq ft." Meeting the new demand is F.E.Wood Developments' St James Court, a 60,000 sq ft, three-storey Georgiap-style project. The £4.Sm scheme bas units of form i 400 cm ft units of from 1,400 sq ft to 10,000 sq ft, and includes a 5,000 sq ft listed Georgian building. Well over balf tha space is under agreement, with one of the four clearing banks taking the Georgian building. Joint agents are Paul Orridge & Partners and Hallam Brack-

In Queen Street, Nottingham-based Arkwright Develop-ments are also in the middle of a new-build scheme, the 21,000 sq ft St Michael's Court. The project can be divided into units from 1,000 sq ft, and agents are Frank Innes Black Horse Commercial and Hallam Brackett.

Despite this activity, rents are still too low to attract the institutional market, so the above two schemes are for sale. The prime retail pitch in Asking price on St Michael's Derby is in St Peter Street and

Court is around £65 per sq ft. The same is true of the industrial market, even with the boost of the SPZ and and the largest city grant of £3.2m. Consequently the units in J.F.Miller's 300,000 sq ft industrial park will be for sale free-

The SPZ system, though, has given the Sir Francis Ley Industrial Park designation for business, industrial storage and distribution developments over the next decade. J.F.Miller plan a £12m scheme on the site of the Leys Malleable Castings Factory. The final piece in the devel-

opment jigsaw was the city grant, which overcame the cost problems associated with removing the deep foundations of the foundry. According to letting agents Raybould & Sons, seven of the 84 units

### Rents are still too low to attract the

hold.

institutional market

have already been reserved. However, there is demand for rented space, as was illustrated by what was claimed to be the largest single letting of the last year. The claim com from King & Co, who let Evans of Leeds 517,000 sq ft ware-house and distribution develop-Shopping. Formerly owned by Raleigh, the three buildings – of 400,000, 100,000 and 17,000 sq ft – will now be used for disment to Littlewoods Home

Modwen two years ago, has achieved rents of £5 per sq ft tribution. The biggest boost to indusfrom tenants that include MFL W.H.Smith Do-It-All and Harris trial development could come from the east. Derby bas plenty of land available for Queensway. St Modwen has kept five acres back, and AMC is building a 10-screen cinema industrial development, while on the remaining land. Nottingham is facing "retail blight", by which major landowners are trying to maximise retail development has earned Derby council some criticism. tbeir assets by teaming up with retail developers.

However, its chief planner, Mr Mr Russell Rigby, of local Ian Turner, says the council agents Frank Innes, said: "It may be that a lot of people approached the problem sensi-bly, commissioning a report have gone to Nottingham and from Hillier Parker. He also says that Derby is just catching up with the found it fairly well saturated. But in access terms, there's not South East. "We are just getmuch between Derby and Nottingham and there are now more people looking at Derby ting the boom going in order to increase prosperity. We have specialist comparison shopping in the city centre and non-food bulky goods on retail warethan for some time. Some of them have already been active in the East Midlands market, house parks." especially in Nottingham, but

the land is here now." The prime retail pitch in

in the Eagle Centre, lease is owned by Coal Industry Nominees. Top rents in the 1975 scheme are under £40 Zone A, but the last reviews were in 1985. The complex totals 325,000 sq ft in 42 units. A guide to the Eagle Centre's true rental value can be found in the redevelopment of tha

66,000 sq ft Woolworth store within it. Woolworth Properties and Shearwater are currently dividing it into nine units, which will have a completed investment value of about 26.5m. Rents on the pre-lets, through Clive Lewis & Partners, are around between 260 and 265 Zone A.

A new team, of Bryant Properties and the Co-op, looks set to provide some competition in the city on the shopping front. The pair have teamed up in a £70m bid to develop 250,000 sq ft of covered shopping on two levels. The scheme has the backing of the council, and

includes St Modwen selling the

Securities snbsidiary, Raven-

side Investments, for over £8m The centre, built on 16 acres of

26-acre site bought by St

also outline planning consent. Bryant and the Co-op are also working on a £10m plan to

redevelop and relocate the bus station and develop the Cock Pitt island site near the city centre. The plan includes a 1,000-space multi-storey car park and upper-floor cinema. Out-of-town retailing activity

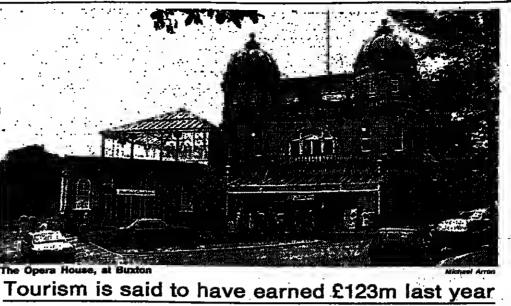
ing a Holiday Inn, and Derby is freehold of its 154,000 sq ft Meteor Centre to the Land no longer leaving tourism to the Peak National Park.

> som with signs inviting you to Chatsworth or Gulliver's Kingdom or the American Adventure (a touch of the Wild West on an old opencast coal site); cable-car trip across Matlock gorge, the Heights of Abraham.

Widespread out-of-town Programme.

A survey found that in 1986 spent in the Peak Park, which is mainly in Derbyshire. It has country. Both limestone and John Ingham and gritstone are popular with **Janice McKenzie** climbers.

The survey calculates that, Chartered Surveyor Weekly



# Long-stayers sought

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IZAAK WALTON fished Derbyshire's tront streams. Charlotte Bronte made it the satting for Jane Eyre, while her contemporaries visited the Buxton and Matlock spas.

Buxton and Matlock spas. Last year, according to the East Midlands Tourist Board, tourists and visitors spent at least £123m in Derbyshire, sup-porting the equivalent of 9,000 full-time jobs. No wonder Buxton is staging a revival, Chesterfield is build-

The county's roadsides blos-

or, if you fancy a vertiginous

Derbyshire, with its chapel tradition, likes a biblical refer-ence. It also boasts Jacob's Ladder, cut by a travelling salesman of over a century ago from Edale on to Kinder Scont, and worn since then by countless boots and shoes until mended under the Community

about 3.75m hiking days were new trails along old railway lines as well as orthodox fcotpaths. The White Peak, with its limestone walls, lies within a borseshoe of harsher, gritstone

Elizabeth's day. It attracts 75,000 people and employs 50 part-time

The whole attraction is thet it is completely unchanged," says Mr Nick Day, the comptroller. "I don't have ice-cream kiosks or lions or zebras. We open solely to preserve the house. We don't want to make money."

Another Peak attraction is the custom of dressing wells with pictures made of flowers.

With pictures many or howers. It raises money for an increas-ing number of villages. Visiting groups in 1986 spent on average £9.61 in the park, which, allowing for inflation, was en increase of 38 per cent on 1972. Many, however, have picnics and spend nothing.

The survey figures suggest thet only about half a million of 1986's visitors stayed overnight or longer in the area. In summer, they tended to stay in tents or caravans, or with friends and relatives just outside the park....

The park planning board, keen to encourage more stay-ing visitors, has helped set up a Peak District tourist forum. It also has a network of seven camping barns (£1.50 a night, bring your own mattress) and key Mountains park in the US has made grants to farmers to repair them.

"Yon would be amazed," says Mr Smith, "how popular they have been, especially with groups of children from inner cities. It has been so popular that farmers are queuing to come into the scheme."

There is a farm holidays association which began in Staffordshire. This attracts vis-itors from Holland and North Germany, for whom the Peak is one of the closest areas of hill country. The East Midlands Tourist Board is helping seven ferry companias to launch farm holiday packages.

FINANCIAL TIMES TUESDAY SEPTEMBER 20 1988

Shop

IF YOU think those

sponge-covered pastries you

A million a year pour from

the ovens of the low-ceilinged,

summer they are baked round

the clock, 600 every two hours. Mr Graeme McBain, from

1860, there was a

misunderstanding at the

White Horse Inn. The cook,

It now belongs to a Sheffield

company, J.M.Roper Ltd. Mr

John Roper went there with his wife: she fell in love with

brought in as manager Mr McBain, whom he had known

Bakewell puddings come

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it, and he bought it. He

making strawberry tart for visiting noblemen, put an egg

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buy in cake shops are Bakewell tarts, you are

deceived. Real "Bakewell"

### Counties, and will be launch-ing a Peak District brocbure at Christmas. Last year its grants PROFILE helped to provide or improve 68 hotel bedrooms and 18 self-The Bakewell Pudding

catering units in Derbyshire. Most Derbyshire hotels, how-ever, are not in the Peak Park. Some are in Buxton which, in its heyday, brought to the Pennines a touch of Bath elegance. It even has a stone-built cres-

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This town, 1,000 feet above sea-level, can be chilly and puddings" have a softer, richer filling, more like custard, and sea-level, can be chiny and windswept, even in August, and it is some way short of its former glory. But the refur-bishment 10 years ago of the opera bouse by the council and the High Peak Theatre Trust arrested Buxton's decline. For most of the year, the house are best eaten warm. stone-built pudding shop at Bakewell, chief town of the Peak National Park. In most of the year, the house operates as a local theatre; but the sommer opera season, fea-tured on television, is now four

Fraserburgh, who has managed the shop for 17 years, guards the recipe jealously. weeks long. The old thermal baths have become an upmarket shopping precinct, and the Pavilion Gar-dens enable Buxton to cater for It contains eggs, sngar and almond, he says, but there are two secret ingredients that conference-goers, including a town-full of flower arrangers. he declines to disclose. The story runs that, around

High Peak District Council would also like to encourage would also have to encourage tourism at Glossop, tha old mill town at the north-west gateway to the national park, which feels itself to be Bux-ton's poor relation. Derby is to have a 200-bed, four-star hotel which, with the

mixture on top instead of stirring it into the pastry. The noblemen enjoyed it - and Assembly Rooms, will enable it. a Mrs Wilson, wife of a to cater for major conferences Meanwhile, its newly-formed candlemaker, saw a chance to go into business making tourism association lists 659 hotel beds in and around the city, and wants to fill them at Bakewell puddings. The Wilson family bought their 17th century shop, beside the Chesterfield road, from the Duke of Rutland in 1921. ekends as well as through the week.

It has ideas for a fine china waakend, an Edwina Currie health-eating break, a bargain-hunters' weekend. "There are a lot of factory shops within easy reach of Derby," says Mr Andrew Clark, of the Chamber of Commerce.

as chef of the Queen's Head, Chesterfield. The National Trust has made two tourist-pulling acquisitions in the area.

in three sizes: individual, four-portions and six-to-eight. One is Kedleston Hall, an 18th century masterpiece built by Robert Adam around Sir They are sold in the shop and the cafe above it, and are sent off in hundreds by post, especially to British Nathaniel Curzon's furniture collection. It also houses the Indian mementos of the more servicemen in Germany. "They famous Lord Curzon, who was like a taste of home," says Mr viceroy early this century. McBain. Everything, he says, is done as before. Every pudding is hand-mixed and hand-made,

The other acquisition is Calke Abbey, which the Har-pnr-Crewe family left unchanged for a century it is though "we have to produce so many we bought an electric roller for the puff pastry". now a record of times past, for they never threw anything : A new electric oven is the away. The Trust is engaged In the tricky task of repairing and rewiring it without changing

it replaced, though at £27,000 it cost nine times as much. its appearance. Mr. Clark says that Derby is The bakehouse is four times as large as when he arrived. going to be at the World Travel The staff has risen from eight to 33, including part-timers and three members of the Market. "American tour opera-tors say they are fed up with Stratford, Edinburgh and Lon-McBain family; his son Adrian don, where everybody gets ripped off. Do you realise what a marvellous tourism centre is a baker, his son Jason a chef, and his daughter Heather Derby could make?" - ---- is in the shop.



A Sale VISTEC . .

scores only 10m.

rounding the Peak.

**Derby Cathedral** in all, visitors spent 18.5m days in the park. This makes it one of the most heavily used in the

world. The much larger Smo-

Peak Park planners worry

about the number of people who congregate at Bakewell or Castleton or in Dovedale on a

summer Sunday afternoon.

The visitors come mainly from

Manchester, Sheffield and the other industrial areas sur-

Hundreds of cars were con-

gregated on an August morn-ing at Chatsworth, built beside

the Derwent for the first Duke

of Devonshire around 1700. The

Chatsworth house and garden.

(adult entrance, £3.50) hava

### ARTS

# Focus on figure, face and place

William Packer visits two London exhibitions and Petworth House, West Sussex

ome three weeks ago I wrote entirely from the figure (Leonard about two distinguished McComb). examples of the small anthology. Others may choose to place the figure exhibition A exhibition, namely Judy exhibition, namely Judy Egerton's selection of British Drawings at the Tate and Nerys Johnson's Moments of Being at the Nottingham Castle Museum. But the genre is not confined to the public sector, and coin-cidentally the private galleries suddenly seem full of other good shows of just this sort. this sort.

ET MARKS

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As delightful as any is now at the Nigel Greenwood Gallery (4 New Bur-lington Street W1: until October 3), where Jeffery Camp offers his personal choice of work by friends and colchoice of work by friends and col-leagues, young and old, it makes a per-fect pendant to Camp's own retrospec-tive at the Royal Academy's Diploma Galleries (which I reviewed last week), for it evinces a range of sympathy not so broad as to lose its focus, but gener-ous enough to make clear that he has no wish for other artists to paint as he paints, share his interests, follow his paints, share his interests, follow his

He is himself a painter with a romantic vision of the figure, which he. always shows in its natural context of landscape or interior; and whether his figure is alone or in a group, its situa-tioo ambiguous or explicit, the work is ever traught with sexual suggestion ever fraught with sexual suggestion and possibility. But he visits none of these expectations upon his fellows, : though all of them, painters and sculptors alke, are figurative artists. He that first intigued the artist in his leaves them to be themselves, whether inagination. it is to paint the landscape (Patrick. It might be the skeleton on the studio George; William Gillies), or to work

in an interior - quietly (John Lessore) or with unrepentant eccentricity (Anthony Green). Some choose to paint the portrait (Craigie Aitchison); to cast it into transcendental religious symbol (Cecil Collins) or expressionist grotesque (Ken Kiff); or to reduce it to an ideal conformity of proportion (Suan Uglow). There are still lifes too, of immaculate objectivity (Uglow again); vīgorous academicism (David

Hockney); and heraldic simplicity (Peter Kinley): But various as they are, these artists but various as they are, these artists' do come together, though those intangi-ble qualities of touch and feel - quali-ties as real in the experience as they are hard to pin down. One or two, such as Kitaj, Caulfield and Hockney, are well known, and others, such as Kos-soff, Collins and Camp himself are com-ing into their own, but few have major remutations yet, even at home But all reputations yet, even at home. But all of them, young and old, are painters' painters, recognised by their peers, which is the highest commendation of

It is all to do with the quality of the marks they make on canvas or paper, marks they make on canvas or paper, not to be savoured for any grandiose effect or image achieved, but simply for itself. There is, too, the quality of atten-tion and respect that is paid to the image, that by extension is the object that first intrigued the artist in his

Gillies' Scottish hillside, Collins' Christ walking on the water, or Uglow's shrivelled tangerine — or the grey rabbit of Peter Kinley (who died only this month), laid onto its green ground with such unaffected and deceptiva simplicity. None is done to impress anyone: each is done modestly, for its own sake

The Self Portrait, an exhibition organised for last year's Bath Festival by the Artistic Gallary (sponsored by IBM UK Trust and on tour ever since), now comes to Fischer Fine Art (30 King Street, St James's, SW1: until October 7) for a London chowing The Mea Herry London showing. The idea was Harry Holland's, one of the contributing art-ists, and taken up by the critic, Edward Lucie-Smith, who selected the work and wrote the accompanying book. Not all the work is of an equal might write accompanying name

weight, with some big names repre-sented by minor responses to the brief, or whatever was available - though Barry Flangean's quick self-study is as charming and effective an effort as any. But there are good things, especially by artists who were intrigued enough to commit themselves to their self-por-trait, whether there was to be an exhibition or not. Holland's is one, and those by Michael Murfin, Sara Rossberg (who also has a current show at the Thumh Gallery in Lexington Street W1), Mary Mabbutt and Ian Breakwell stick in the mind. Best of all is the Norman Blamey, a distinguished work by any measure, and by a senior RA who is too often dismissed as a mere portrait painter.

It is precisely here that the show is most useful, for showing that portrait painters may be true artists nonetheless, while artists of all kinds are no less happy to keep the portrait alive and well: they have only to be asked. In this connection Flowers East, the East Lins connection Flowers East, the East End annexe to the Angela Flowers Gal-lery (at 199/205 Richmond Boad ES) opens tomorrow with a large invitation exhibition of contemporary portraits, from Auerbach to Paolozzi (until November 12).

Finally, the National Trust Foundation for Art is showing at Petworth House (mtil October 30) a group of drawings and paintings by artists who were invited to work at some of the properties damaged in the great storm of last October. The Foundation has been set up to involve as wide a range of con-temporary artists as possible in the work and life of the Trust with a programme of commissions, exhibitions and special projects. The idea is to make sure that a cre-

ative response to the properties as they are now may be registered and pre-served, whenever possible, in the houses concerned. The nature of the Trust's work of preservation and conservstion make a certain historicism and antiquarian bias inevitable, but that is not to say that the modern world should be shut out. Devasting as it was, the great storm did at least provide opportunity, and indeed the necessity, of such a new Foundation: ars longa, pita brevis. The work is now bound to continue, and in happier tim



Ian Breakwell's Self Portrait, 1986, at Fischer Fine Art

# London Symphony Orchestra

### BARBICAN HALL

The second of Michael Tilson Thomas's concerts as newly-inaugurated Principal Conductor of the London Symphony Orchestra was intended to introduce to London the emigré Russian pianist Yladimir Feltsman, who has developed a considerable reputation and

following since his arrival in\_. America last year. Unfortunately, Mr Feltsman

fell ill, and his role as soloist in the Prokoflev Second Concerto was taken by another Russian emigré, Mikhail Rudy (Paris-based, and himself making here his London

debut). It was a last minute replacement, and the LSO can congratulate themselves on finding one so fully equipped. for what is after all one of the more titanic of virtuoso plano concertos. The ingers were join

powerful, the technique was vigorously mettled, and there was an unruffled command of the two massive solo cadenzas at either ends of the workthat function as supports for its steel-built structure.

In the circumstances it is probably unfair to complain that the performance was restrained to a single interpretative level, that of

brazen efficiency, and that the once-upon-a-time fantasy of the work (which the composer underlined by his use of the word narrante in his marking of the soloist's ming) was consistently skirted or even slighted. There was an insufficiency of colour

dramatic accentuation. Nevertheless Mr Rudy has surely earned a return encounter with the orchestra - and a properly prepared. one at that, which should reveal his abilities more fairly

was an insunctancy of colour variety, of smoky tones and half-lights, in the planks's whole approach, and in the orchestra there was a definite want of rivilimic bits and others set and set and others set and set and others set and set and set

and fully. The remainder of the programme – the Rimsky-Korsakov Russian

Easter Festival Overture as starter, the Bartok Concerto for Orchestra to finish found the LSO and its new. conductor in somewhat Sunday-night ish mood. Particularly in the Bartok, there was a feeling of ..... showing off married to untidiness that revealed itself in tempos (for the "Game of the Couples" and the finale's closing pages) too fast to allow the numical ideas to tell.

Max Loppert unique la prince term

# 'Resurrection' premièred in Darmstadt

for no one.

down - between life and real-

ity, art music and pastiche,

truth and hypocrisy - and the final resurrection is a victory

The parallels with Taverner are close, and I would suggest that without knowledge of that

opera, and what its protago-nists represent, Resurrection

could seem entirely contrived.

The Prologue is dominated a masked cat, whose dances are seen to control the disintegra-

tion of the Hero, just as the Jester pulled the strings in the

earlier opera. In the main act,

both the White Abbot and an

Antichrist return from the past, and the closing moments,

when the reborn Hero is again

revealed to be manipulated by

the Cat, now transformed into

a dragon, is a direct reworking of the same moment from Tav-

of metaphor and their transla-tion into musical and dramatic

images proves just too great -

there are simply too many lay-

Andrew Clements reviews Peter Maxwell Davies's latest opera

Peter Maxwell Davies has been assuring anyone who dared to suggest that his music had lost the power to shock that his forthcoming opera, Resurrec-tion, would outstrip anything he had done before. It has been forthcoming for a long time; he cnnceived the idea in 1963, while working on his first opera Taverner and in the late 1970s planned to write it for Covent Garden. But the Royal Opera shrank from the libretto and-withdrew its invitation and so. 25 years after its, con-ception Resurrection has finally been staged in West Germany, at the State Theatre in Darmstadt; after a commission from the city itself. After the relatively con-tained and self-sufficient sce-

nation of the chamber operas The Martyrdom of St Magnus -and The Lighthouse, Resurrec-

tion returns to an exploration of Maxwell Davies's personal

- it was after all about real people and real moral dilem-

mas - the new opera, a pro-

logue and single act playing continuously for some 80 min-

For more than a decade now utes, allows that symbolism free rein. Resurrection is very much set in the present, in the tawdry, exploitative contemporary world in which TV commercials can constantly blur the distinction between fantasy and reality, and the establish-ment in all its moral, religious and political manifestations does its damnedest to make the individual to conform to its norms

The individual "hero" in the The individual "hero" in the opera is a life-size dummy pres-ent on stage throughout. In the prologue he is berated by his family, teachers, doctors and priests, until his head literally explodes under the pressure; in the main act he is taken into cine and treased by a team of care and treated by a team of surgeons who systematically deal with his intellectual, emotional and sexual problems, multi borribly mutilated be can be pronounced cured, and undergo a resurrection as a

larded with heavy irony is cross-cut with 22 TV commer-cials projected at the rear of the stage, so the whole opera teeters on the brink of parody. All the distinctions are broken

erner. -That kind of esoteric cross-reference is obviously of crucial personal importance to Davies, and the whole opera, indeed, clearly has intense autobiographical significance. But the gap between that array of metaphor and their transla where Taverner sited its per-sonal iconography in a firm minic overstatement and historical and musical context. larded with heavy irons in

ers. The visual reference for dramatic force, but here they have been neutered and deprived of their power to the commercials, for instance, was a sequence of Durer deprive engravings, but registering sbock. that fact adds nothing to work- In the

In the end Resurrection is not ing out of the opera. Such a nearly sbocking enough, theat-gap was there in *Taverner* too, rically or musically. Despite its but the historical substance, gaudy extravagance the gaudy extravagance the Darmstadt production by Peter Brenner (with designs by Waland the quality of the music nearly always bridged lt. In Resurrection the scenes

who manipulate the bero, the jokes with routine musical

surgeons and priests, gods and politicians, carry musical paro-dies too. Some of those hark back nostalgically to Davies's music of the 1960s, when his music of the 1960s, when his in the sum of these wild, unfocussed components, but

musical irony carried genuine it is not to be.

traud Engelbert, and confident musical direction by Hans Drelack any such backbone, and float around in a sea of indulwanz) is tame, and some of the gence, for which the music promost flamboyant images vides no support. There is very little that can be identified as suggested in the libretto, par-ticularly the sexual ones, have Maxwell Davies's natural been toned down or omitted. The problems run deeper than that, however. This may have idiom - the transition between the Prologue and main act is recognisably the been a work Davies needed to write out of his system, but for that very reason be has failed work of the composer of, say, the Sinfonia Concertante, but most of the rest is pastiche of to provide the kind of dramatic one kind or another. A pop group at side stage accompa-nies the Cat's dances and necessity such a scheme requires. The last quarter of nies the Cat's dances and the opera collapses into a returns to deliver the final parade of disparate images, song of resurrection, an ampli- desperate tilts at establishment song of resurrection, an ampli-fied vocal quartet supplies the windmills that are given no tingles of the TV ads, while the operatic function at all, but are caricatured pillars of society little better than rag-week

21

### Emerson Quartet WIGHORE HALL

tries is The Emerson Quartet, an American ensemble founded in 1976 by the Juilliard School lved in in 1976 by the Juliara School students, Engene Drucker and Philip Setzer, who have set their creation apart by continuing to alternate as its first violinist, made a powerful showing at the Wigmore Hall tion 0 on Satarday night. Their programme began with Mozart and ended with

Beethoven, but its centreplece, Bartok's Fifth Quartet, was offered. I take it, as a foretaste of their recording on compact disc of the complete Bartok Quartets for Deutsche Grammophon.

The Mozart work, the "Hunt," K458, was the least impressive item, though that is not to say a too hard thing. The Emersons' sonority and musical mentality did not seem, in retrospect, at all Mozartian (but Bartokian, Beethovenian), and though

the "Hunt" was rendered in clear, broad lines and with clear, broad lines and with plenity of energy, there were patches of roughness which compounded a generally heavy-handed approach. One often missed tripping rhythus, subtle shadings of tone and -a flexible utbrance. But in Bartok's Fifth

But in Bartok's Fifth Quartet, the players should they scraped the furfous opening figures with mettled precision, and the percussively driven textures which dominate this first movement and beyond always had a luminous incisiveness. The Adagio second movement was beautiful and filigree; the central scherzo alla bulgarese appropriately alinky — its serious winnsicality, its muted decisiveness were perfectly caught. In the finale of the great, five-movement arc (whose

structure came across as

unusually articulate and dramatic) one could thrill to, and admire, the Emersons' maximal, but compactly-formed Bartokian tatti.

12 . . . . . . . .

For Beethoven's Serioso Quartet Op 95 in the second half, Philip Setzer took over as first violin. This was a superb, intimately-detailed account, full of bravura, beautiful phrasing (notably from the first violin in the inner movements) and Juilliard brilliance. The finale's Allegro coda was taken at an absurd, madcap prestissimo, but the players brought it off. They then launched into the Prestissimo con sordino movement from Bartok's Fourth Quartet - an encore that made one long for a fresh concert.

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REFEAT

DRY GIN

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### Beethoven Plus series starts

FESTIVAL HALL

This was an unfortunate start to the "Beethoven Plus" series on the South Bank. As Klaus Tennstedt felt that he could not conduct the planned pres-tige performance of the Missu Solemnis withont extra rehearsal time in the Festival Hall, the concert on Sunday underwant a violent metamo-phosis. Schubert's Ninth Symphony emerged as the major work and the programme became minus most of its Bee-Paul Driver | thoven, rather than plus.

• . .

As though to make amends, Tennstedt and the London Philharmonic threw themselves with impulsive energy into the Eighth Symphony, which had been added so that there was at least a token piece of Beethoven for the festival's opening night. The symphony may have been acting as a curtain-raiser, but at least when it is played in as tempestious a fashion as this, it acquires a greatly enhanced measure of substance.

Daphne Evangelatos and Kurt Moll. Der Barbier von Sevilla brings Celilla Bartoli, Leo Nucci, Giorgio Tadeo and Jewgenif Nes-terenko together.

Cologne

Bonn

In everything that Tennstedt does, there is a deep serious-ness of purpose. Neither of the two symphonies that finally made up this programme is among the most profound of the music its composer wrote and yet in this conductor's hands the Beethoven never sounded lightweight, or the Schobert vacuous. One feels that every phrase, no matter its place in the overall design, has to mean something and be significant.

Schildert irresisticity forwards. The first movement went at a bracing speed. A single arch seemed to shape the Andante con moto; and if there was some lack of Viennese grace in the central movements (violins digging deep into the strings had earlier made the Minuet of the Beethoven a rather solid the Beethoven a rather solid affair) that was a small price to pay for a reading so intensely eager and passionate.

pulsating energy swept the Schubert irresistibly forwards. The first movement Indeed, the Schubert, in particular, was a most splendidly involving performance in every way - but for all that it was not the programme that was advertised. If I had paid for a ticket to see the Missa Solem-nis, I would still be feeling aggrieved.

**Richard Fairman** 

## ARTS GUIDE

### OPERA AND BALLET London

Royal Opera, Covent Garden. Elijah Moshinsky's 1987 produc-tion of Mozart's Seraglio returns to the Covent Garden repertory. to the Covern Garden repertury. Jane Glover makes her bouse debut as conductor, and the cast includes Mariella Devia, Deon van der Walt and Robert Lloyd. The savagely exotic and fascinat-ing Andrei Serban production of Durandot has Gwyneth Jopes of Turandot has Gwyneth Jones in the title role and Edward Downes as conductor.

Cheers!

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why not write to:

English National Opera, Coli-seum. First new production of the ENO season is David Pount-ney's radical staging of La Tra-viata. Pountney's ugly, coarse-grained modern-dress Car-men sports at least a fine cast (including Jean Rigby, Jacque Trussel and Sargey Leiferkus) and conductor (Yan Pascal Torte-lier). The limply staged wartime-in-Mussolimi's-lialy Tosca produc-tion by Jonathan Miller has the vivid Janice Cairns in the title role, Edmund Barham, and Mal-colm Donnelly (S36 5161).

THE BEST OF TASTE:

MIX A BEEFEATER MARTINI

Take Beefeater Gin and dry Vermouth in

For a recipe leaflet which further demonstrates

/ not write to: James Burrough, Beefeater House,

James Burrough, Bennington Lane, Montford Place, Kennington Lane, London SE11 5DF, England.

the excellence and versatility of Beelegter Gin

a proportion anywhere from 21.10.4 to 5 to 1. Pour into an ice cold mixing glass with ice, stir and then strain. Add a twist of lemon.

### Vienna ...

Sadier's Wells, On September 20, Michael Clark, enfant terrible of post-modern dance, starts a season with his own peculiar tribute to William and Mary. Vienna State Opera. In repertory: Pelleas et Malisanda, conducted by Clau-dio Abbado, with Frederice von Stade, Christa Ludwig, Malcolm Walker. Tanz-Schule, Ballet (Pre-miàre), by Mauricio Kagel, con-ducted by Arturo Tamayo, with Ballet d'Action. La Fanchulla del West conducted by Anton Guadagno. Otello conducted by Adam Fischer, with Gabriela Benachova, Margarita Lilowa, Georg Tichy. L'Italiana in Algeri conducted by Claudio Abbada. (51444, ext 2560). Volksoper. In repertory: Dis lus-Not for the squeamish (278 6915). Paris Parts Opera. Vardi's Rigoletto con-ducted by Aldin Lombard/Alain Guingal returns to the Palais Garnier after 18 years' absence with Neil Shicoff/Taro Ichthars as the Duke of Mantra, Alain Fondary/Manuguerra as Rigo-letto and Alda Ferrarini/Chris-tine Barbaux as Gilda (474 25750).

# (51444, ext 2660). Volksoper. In repertury: Dis Jus-tige Wilwe, conducted by Komad Leitner. Gasparone by Millocker, conducted by Rudolf Bibl. Der Freischütz, conducted by Diefr-ied Bernet. Tielland by d'Albert, conducted by Konrad Leitner, Ein Walzertraum by Oscar Straus, conducted by Rudolf Bibl. Der Opernhall by Richard Heu-berger (51444). berger (51444).

### Berlin

Denische Oper. Götz Friedrich's production of Felstaff has fine interpretations by Karan Arms-trong, Carol Malone, Ingvar Wiz-ell and Wolfgang Brendel, Elek-tra returns with Ruth Hesse, Ute Vinzing, Hans Beirer and Gerd Feidhoff. Katje Kabanowa has a strong cast led by Petricis has a strong cast led by Patricia Johnson.

### Hamburg

Staatsoper. Der Troubsdour fee-tures Sharon Sweet, Ruzz Bal-dani, Leo Nucci and Harald Stamm. The revived production of Engen Onegin, sung in Rus-sian, is the highlight of the week. The cast stars Bernd Weikl in the title role, Karita Mattila,

### September 16-22 SALEROOM

Daphne directed by John Cox (Sun to Wed) with Kenneth Gar-rison, Ketko Kamegawa, Cather-ine Malifitano and Manfed the Maintano and Manied Schenk; and (Thurs) Die schweig-same Frau, directed by Gunther Rennert and designed by Rudolf Heinrich, with a cast including Birgit Calm, Julie Kaufmann, Alfred Kuhn and Wolfgang Peruch (St D 28) Rauch (80.91.26).

### New York

Cologne Opera. Gounods' Faust has its première this week, produced by Willy Decker with costumes by Martin Ruprecht. In the main parts are Josef Protschka, Farru-cio Furlanetto, Ludwig Baumann and Ashley Putham. Das Gau-klermarchen, composed by Ger-hard Konzelmann received con-terwareid pariews on fits New York New York City Opera (State The-ater, Lincoin Center). The week features the world première of Jay Reise's Rasputin, which was commissioned by the company, and is conducted by Christopher Keene and directed by Frank Corsaro, with John Cheek in the title role. There is also a new production of Rigoletto, con-ducted by Elio Boncompagni and devised and directed by Tito Capoblanco, along with Lucia de Lammermoor, Rasputin, Die Zauberflöte and La Traviata. (496 0500). troversial reviews on its première last week. Die Itali-enerin in Algier is a competent reperioire performance.

### Chicago

Lyric Opera (Civic Opera House). In its first production with the company, La Sonnambula opens the season with Miriam Gauci as Lisa and Frank Lopardo as Elvino in Sandro Sequi's produc-tion. (322 2244).

Teatro alla Scala, Milan. La Boh-ème, conducted by Carlos Klie-ber, directed by Franco Zeffirelli, with Mirella Freni, Peter Dvorsky, Barbara Daniels, Jonathan Summers. Tokyo Bunka Kaikan (Tues, Thurs).

£1m for Kafka's 'Trial'

Kafka's original manuscript for Czecb writer. But American his partly autobiographical universities can be expected to novel The Trial is to be sold by iead the bidding for such a November 17th is to be sold by lead the bidd November 17th. A price of around fim is anticipated for the 316 handwritten pages of what the sale room claims is "the most important modern literary manuscript ever sold at auction."

The Trial was written in 1914 and Kafka never attempted to publish it in his life time. It is one of three Kaika novel mann-scripts still in private hands (the rest are in the Bodleian, Oxford) and belonged for many years to his friend and literary form expectations. Seend Green House in Wiltshire brought in £134,531 from the executor, Max Brod, who morning session, more than ignored instructions to burn it, the all day estimate, in a sale and who rescued it from Pra-gue as the Nazis were entering the city in 1989 and later from Israel at the time of the Suez Crisis in 1956. Brod arranged its publication in 1925, a year after Kafka's death, and its

suggesting that there is consid-erable international interest in the literary relics of the great

realized by Christie's South Kensington. Top price was the £11,000 paid for a huge George III mahogany breakfront bookcase. The John Hopkins Univer-sity, in the US, is almost £1.5m richer today following Sotbeby's New York week end sale of property from the estate of the late James R. Herbert

House sales always out per-

Boone, a Baltimore wortby who graduated from there in 1921. Top price was £46,980 for a pair of Italian rococo marble top giltwood side tables of around 1760, from Batchwood Hall, St Albans with an Adam attribution.

Antony Thorncroft

off this week.

Milan Teatro Alla Scala, Homage to Strauss, the Munich Bayerische Statsoper's production of three works by Richard Strauss, con-ducted by Wolfgang Sawallisch.

Opera. Semiramide, the first pre-mière this season, produced by Pier Lingi Pizzi, has an interest-ing cast led by Cheryl Studer in the title role. Graham Vick's successful production of Don Bacqued is production of Don Pasquale is revived with Rolando Paneral, Angela Maria Blasi and Bruno Pratico.

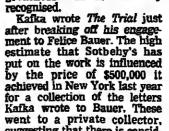
Frankfurt Opera. Il Barbiere di Siviglia stars Alice Baker and Alessandro Corbelli, Grace Bumbry is accom-panied by Jonathan Morris in a lieder recital. Fidello, with Michal Shamir, Reiner Goldberg

and Douglas C. Johnson, rounds

(496 0600).

Tokyo

greatness was immediately recognised.



# A major, unexpected Turner turns up on view at the Tate Gallery until the end of this mootb. "Cicero in his villa" failed to sell at Christie's in the summer when Evelyn de Rothschild was expecting to make 26m from it. Now it is being put on display, first at the Tate, then at the British art exhibition in Madrid. A major, unexpected Turner

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# FINANCIAL TIMES John Gapper and Michael Smith on a merger trend among UK trade unions

BRACKEN HOUSE, CANNON STREET, LONDON EC4 P4BY Telegrams: Finantimo, London PS4. Telex: 8954871 Telephone: 01-248 8000

Tuesday September 20 1988

# Victory in Sweden .

THE TRIUMPH of the Social Democrats in Sweden's general election is bound to revivs optimism across the whole western European left that the political climate in the democratic world is changing to their benefit. Certainly the British Labour leader, Mr Neil Kinnock, will be looking with interest at the success of Swed-ish Social Democracy and seeking to draw lessons from its latest achievement that can be applied in the UK.

It will prove very difficult for the Labour Party to emulate the Swedish success story that has brought Social Democratic domination of the country for 50 out of the past 56 years. Labour leaders like Hugh Gaitskell and James Callaghan used to take a personal interest in the "middle way" approach to socialism that made Sweden the most effective welfare state in the world as well as a highly affluent, egalitarian market economy. But the sporadic concern on the British left for the Swedish road to socialism has too often failed to pay enough attention to the features of Swedish social democracy that have made it so distinctive.

### Qualities of adaptation

The secret of its success lies in its extraordinary qualities of adaptation. The party bas never been convulsed by ideo-logical conflict over economic and social questions, Marxism always played a marginal role in Social Democratic developnent. Unlike British Labour the party has not allowed itself to become obsessed with who owns the means of production, distribution and exchange. Instead of trying to nationalise the commanding heights of the economy, the Swedish Social Democrats, in close alliance with the powerful blue-collar trade union movement, made a historic compromise with capital - a compromise which reaches its half century this autumn.

As a result, Sweden has enjoyed in the post-war years Labour Party conference, he both the fruits of a vigorous, can be forgiven for casting an internationally minded capitalism and a paternalistic welfare socialism. This has been made possible through the consistently high priority the Social Democrats have given to full employment; the mechanism ish Social Democrats looks so has been a training and labour wide as to be unbridgeable.

market strategy that has met the changing needs of Swedish industry. Today the country has less than 2 per cent jobless and suffers from none of the social malaise and poverty that has scarred many parts of western Europe in the 1980s. At the same time the Social Democrats have been open to

new thinking. The party lead-ers attack neo-liberal ideas in their rhetoric, hut they are quite willing to seek market and individualistic solutions to Sweden's economic problems. Indeed, they have shown them-selves to be much more able at managing capitalism than the centre-right in Sweden.

### Market socialism

Sweden's Finance Minister, Mr Kjell-Olof Feldt, the archi-tect of his country's 1980s economic revival and of Sunday's election victory, makes no secret of his determination to stimulate a more entrepreneur-ial version of market socialism through a radical deregulation of the economy (as long as this can be done without threaten-ing full employment) in order to keep Sweden in line with the European Community's move to the 1992 internal mar-

ket. No doubt this will stimnlate tensions between the party and the unions hut the two have worked together in con-structive harmony for too long for any parting of the ways. The present public row in West Germany over labour market flexibility between the unions and the Social Democratic revi-sionist leader, Mr Oskar Lafon-taine, would be unheard of in

Swede Indeed, the Swedish left does appear to have discovered a winning synthesis for social democracy which reconciles individual freedom with the concept of social citizenship, What is being tried in New Zealand and Australia, including financial deregulation and tax cuts, may now occur in Sweden. As Mr Kinnock packs his bags for another difficult envious glance at last weekend's elections in Sweden, but the gap between the traditions of the British Labout Party and the pragmatic idealism which characterises the Swed-

# The brothers are joining forces

Unions

1000 to

1985

534

ome years ago, the 803,000-strong General, Municipal, Boilermak-ers, and Allied Trades Union approached the 17 mem-bers of the Sheffield Wool Shear Workers' Trade Union

"We have always done quite well by ourselves," says Mr Ray Cutler, the SWSU's gen-eral secretary, although he admits one or two drawbacks in having only 17 members. He has never visited the annual TUC conference, for example, "The union is that small, we haven't got the funds," he

Wool shear grindsrs and benders notwithstanding, the past century has seen a steady decline in the number of small registered.

the same pace, there would be perhaps 200 unions by the turn of the century. But few now think it likely that so many will survive. The late 1980s are becoming, according to Mr John Monks, TUC deputy gen-eral secretary, the era of the greatest changes in union

Mr Laird's own are amalgamating, or seeking mergers with others that are equally large. The National Union of Public

Employees (651,000 members) and the National and Local and the National and Local Government Officers' Associa-tion (759,000 members) are con-sidering a merger that would create the largest union in the country. The 329,000-strong Electrical, Electronic, Telecom-munication and Plumbing Union has disclosed plane to Union has disclosed plans to amalgamate with the AEU.

The prospect of the AEU and EETPU merger has gained in significance following the EETPU's expulsion from the TUC two weeks ago. Some see it as a means by which the EETPU could slip back within the TUC's fold without publicly abandoning its defiance of the TUC's inter-union disputes pro-

But perhaps the most signifi-ant of these moves so far has been the merger of Tass, a medium-sized manufacturing union, with the Association of Scientific, Technical and Mana-

of Luxembourg but Prime Min-ister as well. Humayan Rash-eed Choudhury combined the

post with being Foreign Minis-ter of Bangladesh two years

tic as well as foreign policy. A sociology graduate of the

tinue to bold it ad hominem

even if he lost his job at home. He has been seeking third

THE MOVE TOWARDS Unions of subors **BIG UNIONS** Unions Membership figures in thousands

and offered to take them over. The smallest affiliate of the Trades Union Congress said

says.

unions of craft workers. As the crafts themselves have become outdated by technology. many have sought comfort in merg-ers. In 1890, there were about 1,200 unions. In 1986, 375 were

If this process continues at

greatest changes in union structure for 60 years. Suddenly, it is no longer only small unions who are, in the words of Mr Gavin Laird, general secretary of the 815,000-strong Amalgamated Engineering Union, "running for cover." Unions including Mr Laird's own are analgamate

wishes. For companies recognising anything up to a dozen unions at established plants, mergers are the best hope of reducing the costs and compli-cations of pay bargaining. Although many would like to reduce the number of unions they recognise, it can be an arduous process. A few have taken the plunge of de-recognising unions alto-

If mergers continued as in the past, there would remain about 200 unions by the turn of the century.

gether: Some have spreed a single bargaining structure covering several unions. There are, however, only a few exam-ples of companies succeeding

At any new plant, Unilever be told his union's annual con-ference this year. would want a single union to represent a spread of employ-ees from white-collar staff to Why has the urge to merge with other unions become so strong in the late 1980s, and technicians and enginearing craft workers. "We would like a union that could service the why has it spread to unions of all sizes? whole range of akills and One force is employers'

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grades," says Mr Spencer, talking wistfully of a merger between the AEU, the EETPU and MSF. But leaders of the emergent super-unions argue that pres-

sure from employers and the desire for single-union deals, have not been the main force behind mergers, "Single-union deals are a fashionable issue at the moment, hut the real pressures on unions have been almost entirely internal," says-Mr Edmonds. The main prob- rivalries. lem for unions in traditional Some : manufacturing sectors in the past decade has been a loss of members caused by an employment shake-out. Such changes have cut income from members' subscriptions, and cre-ated financial problems for many unions. In response, they have sought safety in numbers through amalgamations.

Leaders of the new mergerbased unions argue that they can serve their members better larger they are. Accordin

identity as traditional demarcations, such as those between craft workers and technicians, are broken down by new technology. For such unions, a merger can be an opportunity not just to increase membership, but to broaden it.

Yet whatever the pressures on unions to merge, the pro-cess can be a difficult one.

cess can be a difficult one. The first problem is the nature of unions; those want-ing to merge require the back-ing of their members. The pro-posed merger between the National Graphical Association, and the Society of Graphical. and Allied Trades print unions has involved intricate negotiahas involved intricate negotiations over regional structures and members' subscriptions and has been dogged by old

Some amalgamations fail. The 5,000-strong staff union of the Eagle Star insurance com-pany joined the 166,000 mem-bers of the Banking, Insurance and Finance Union in 1982, believing its membership was bigliusioned by new technology. Dialliusioned with being part of a larger union, it broke? away again earlier this year. Furthermore, it is open to question whether mergers

always make financial sense.

The Tass and ASTMS merger taken over. The dominant the lass and Astal merger has already made MSF the majority union in many plants. The effect is to raise the infin-ence of white-collar and techni-Engineering Section of the Amalgamated Union of Engineering Workers started run-ning at a deficit when it merged with the troubled Foundry and Construction seccal staffs against those of craft and semi-skilled workers. Yet some argue that general

FINANCIAL TIMES TUESDAY SEPTEMBER 20 1988

tions in 1983, In 1982, the Engineering Section's total annual expenditure was £17.6m and its income £17.7m, including £15.9m from members' subscriptions. By 1964, economies of scale had failed to prevent the merged Engineering, Foundry and Con-struction sections spending 521.2m against an income of folly £19.7m, including £17.5m from members' subscriptions. Yet, whatever tha difficul-ties, the trend towards larger

unions is gaining momentum. Beyond changes to internal structures, what are the likely

consequences? The most important is likely to be a final laying to rest of the possibility of Britain's union atructure moving towards that of the Federal Republic of Germany, where the 17 members of the main mion confederation, Deutscher

Gewarkschaftsbund, are divided according to industries. Hankerings after a similar model have emerged periodi-cally within the TUC. The last concerted attempt at reform was made 25 years ago by Mr George Woodcock, then TUC general secretary, who tried to get the general unions to give up members in some sectors to

opposition. "I wasn't having any," later recalled Mr Jack Jones, then general secretary of the Trans-

The latest round of mergers are likely to confirm this view, For many unions that have traditionally been confined to sectors, the chance to broaden the recruitment base can be as significant as the simple gain in members through a merger. Mr Edmonds defines the GMB's strategy as "following the trends in employment" by

Loss of members

shake-outs has led to money problems

Mr Edmonds and Mr Gill both dismiss the idea that

allow the development of a set, of industry-based unions, but had to retreat in the face of

port and General Workers' Union, the TUC's largest affili-ate since its formation in 1922.

through job

ers." for many unions.

spreading into the service sec-tor and white-collar organising

section as a separate union in recruitment literature, while ASTMS maintained a federal ASTESS maintained a federal structure to reassure smaller unions that they would retain independence following a merger, and to allow it a clear local identity. Apart from the consequences to individual unions and companies, the move towards general unions could also have far-reaching effects on inter-union relations.

For the TUC, it is already a touchy subject. The EETPU's attempt to break out of old craft areas using its own brand of strike-free, single union deals lay behind the friction with other unions that led to its expulsion from the TUC. Some-fear the spread of gen-eral unions can only lead to worsening conflict.

unions can have significant weaknesses compared to craft

and industry-based unions.

One is that they may find more difficulty in attracting and

difficulty in artist ting and retaining mambers because-they do not command the same sense of identity as bodies like the National Union of Mine-workers, or the Sheffield Wool-Shear Workers' Union.

Dr James McFarlane, direc-tor-general of the Engineering Employers' Federation, says that workers inevitably iden-tify less with a general union-than an industry-based one. A

similar complaint is made by MR Wood. "Bifu was too big, too impersonal... all the things you hear about multi-national companies."

Some general unions have implicitly recognised this weakness. The GMB refers to its hotel and catering workers'

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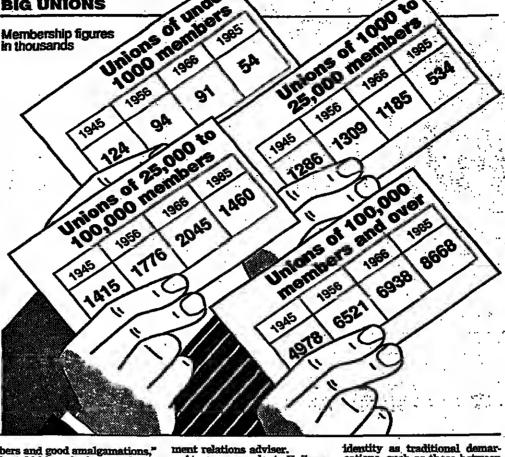
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The TUG's drafting this year of a code of practice for unions seeking single-union deals is a recognition of such a potential. Mr Monks says the trend towards fewer unions is beneficial, but unions "must be careful not to exaggerate differences of style and policy, or plunge into new organising fields to the detriment of oth-



. . survival in the UK

Britain's Social Democratic Party is still in business although it has yet to establish quite what it is in business for. Its convention in Torquay, the first in this year's season of party conferences, has estab-lished its continued if fragile existence as a fourth national political party after the Conservatives, Labour, and the Social and Liberal Democrats – the party created hy a merger between the Liberals and a sizeable part of the original SDP. This is an achievement in SDP. This is an achievement in itself, since the damage done to centre politics and parties by the protracted deliberations over the merger had so reduced the SDP's standing in "rump" it seemed in danger of rency and a European central bank. disappearing altogether.

That it has not done so is due to the faith placed by its membership in the political acumen of its leader. Dr David Owen. The party's parliamen-tary strength is now reduced to three in the Commons – bim three in the Commons – him-self and two others – plus a sprinkling of peers. On its pres-ent showing, the SDP would probably fail to win the 5 per cent of votes considered necessary to qualify for any parlia-mentary seats at all under some of the West European systems of proportional repre-sentation that its leader so admires.

### Creator of wealth

If it is to do better than that it must find a focus for its prin-ciples and policies. Dr Owen attempted to do this, with limited results, in a lengthy speech to the Torquay conference yesterday. One central theme was the clear adoption of the social market economy as SDP policy. He is enthusias tic about the virtues of the market as a creator of wealth. If his party is half a step behind him (on, for example, coal privatisation), that may be partly to do with the failure of some of its members to under-stand the concept, and partly the result of a genuine reluctance to embrace all of it quite as quickly as the leader would like. Since the social market is itself accepted by the Conservative Government, Dr Owen had little option but to empha-sise the social expenditure side and local elections well before that, it may not still be in business at the time.

of the equation, particularly on health, education, training, investment in scientific

research and the like. He is also in favour of the independent nuclear deterrent and be did not criticise the Government's defence policy. On other areas of foreign pol-Caputo's icy, however, Dr Owen was better able to distance his party from the Government. signal Apartheid in South Africa was It is not entirely unusual the principal moral issue in current foreign policy, he said. He found the Government's for the President of the United Nations General Assembly to continue as his country's For-eign Minister. When Gaston Thorn held the job in 1975, he was not only Foreign Minister friendly approach to Pretoria "repugnant." Again, the SDP favours e more whole-hearted Enropeanism, including the acceptance of a common cur-

**Rallying cry** 

### ago, and Amintore Fanfani did it for Italy in 1965. Nevertheless, there is some-thing slightly odd about Dante Caputo being in the running. Caputo is the Foreign Minister of Arguiting and the distion All this adds up to a more emolliant approach to ths social market and a shift to a less nationalistic foreign pol-icy. It is not, however, a suffiof Argentina and the election for the UN Presidency takes cient answer to the persistent question: "What is the SDP place in New York today. The for?" Perhaps sensing as much, Dr Owen attempted in his speech yesterday to bring pro-portional representation back on to Britain's political agenda. contest is between Caputo and Dame Nita Barrow of Barbados. She is the elder sister of the late Barbadan Prime Minister and has a string of diplo-matic accomplishments to her credit, including membership He offered it as fair voting, a rallying cry for his party mem-bers, and a policy around which the Scottish, Welsh and Irish nationalists could unite of the now defunct Common-wealth Eminent Persons Group on Southern Africa. Caputo, however, is the favourite. in the House of Commons. Even some of Labour's leaders The oddity is that he is one of President Alfonsin's closest advisers on Argentine domes-

were beginning to talk of its product, a balanced parlia-ment, he said. ment, he said. Technically speaking, Dr. Owen has a point. Britain's opposition parties could in the-ory set aside their other differ-ences and work together for a referendum on PR. In practice, those differences still run too

Sorbonne, and of international relations at Tufts and Harvard, he is one of his country's lead-ing intellectuals, if slightly circa Paris 1968. It was he who was paving the way for constideep for any such thing to be tutional reform until the plans began to stumble. At the age more than a pious hope. The SDP leader is willing to believe of 45, be clearly has e future. that the Labour Party will see The questions are: where and what? the merits of such a reunification as it gets nearer to the prospect of a fourth general election defeat. Even in the Since Alfonsin's Radical Party may well be defeated by the Peronists in the Presi-dential election next May, unlikely event that he is right, tbat would mean a conver-gence of parties in 1990 or 1991. If the SDP does not start to Caputo seems to be looking around. The Presidency of the General Assembly runs for a year: he could probably conperform better in by-elections

gerial Staffs. Together, they form Manufacturing, Science and Finance: with 653,000 in reducing the number o unions they recognise at existing plants independently of members, it is now the TUC's fifth biggest affiliate. mergers.

Unilever, the food and chemicals multi-national, has reached agreements at three of Such developments have led Mr John Edmonds, the GMB'a general secretary, to predict that the TUC will be domiits UK plants to create a single bargaining structure covering several unions. "Multi-union nated by four or five "super-unions," each with more than agreements do cause problems, there is no doubt about that," says Mr Brian Spencer, the company's senior UK employ-1m members, by the year 2000. "We have to grow to be in the big league. We need new mem-

to them, economies of scale allow large unions to provide more services to members, and avoid duplication of duties among officials. "MSF is already a leaner, more compe-tent organisation." says Mr-Ken Gill, joint general secre-tary of MSF.

A loss of members is not the only pressure afflicting many craft-based unions. They are also threatened by a loss of

Mr Alan Wood, chairman of the staff union (ESSU), saya that since leaving Bifu, the smaller union has been able to cut its membership subscriptions from £3.62 a month to between £1.50 and £3.50. It no longer has to pay its share of employing Bifu'a full-time staff.

stan. A problem that dogs many mergers is that financial diffi-culty is often the motive for a union allowing itself to be

unions attempting to grow by merger should confine themfour or five unions by the turn selves to specific industries-Both argue that the growth of conglomerates has blurred industrial boundaries. "Look at Hanson, look at Pearson. What industry are they in?" asks Mr Edmond

A. further incentive for unions to merge is the chance it offers at multi-union plants . to tip the balance of power within joint union structures.

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of the century. This questioning process is likely to be stimulated if the EETPU flourishes outside the TUC. Mr Laird says the TUC is "already under threat and less relevant than it used to be." As the power, size and ambitions

of general unions grow over the next decade, so too may the incentive to follow the EETPU's lead.

Observer world support by inviting a large number of African dele-gations to Buenos Aires and last month expelled the South African consul. According to the Caputo camp yesterday, he expects to win at least 96 of the potential 159 votes. Oth-ers say that the result will be The Presidency of the Gen-eral Assembly is unpaid, but

includes lots of perks, invitations, foreign travel and decorations. It can be a very important job, and probably will be in the coming session.

### Hammond's job

Eric Hammond, general sec-retary of the EETPU electri-cians' union, now expelled from the TUC, is being touted as a possible union nominee on the agency the Government is planning to take over the functions of its Training Commission.

mission. The opportunity for a quiet word on the subject may well come up over coffee on Friday at a conference organised by the National Economic Devel-opment Office in association with the Commission. Not only is Hammoud due to speak at the conference, entitled The Challence of Change: so is Northe contenance, entitled The Challenge of Change; so is Nor-man Fowler, the Employment Secretary, and the man who will decide which, if any, indi-vidual union nominees will be associated with the new national training agency. The EETPU was expelled from the TUC earlier this month.

### **Reuters'** riches

The announcement of the retirement of Michael Nelson, the Deputy Managing Director and General Manager of Ren-ters, is not a complete surprise.



BANX "You're one hundredth of a second late, Pembleton \_you're fired."

Ethiopia, Nelson pioneered the organisa-tion's world-beating electronic information services. He will Dove-Edwin is President of the Association of Wives of Heads of African Missions in be 60 when he departs next April next year and is looking forward to another career as London, a body that meets once a month to hear outside a non-executive director of companies in the media and speakers. She persuaded the wife of President Bahangida communications field. He said yesterday that he had no specific offers: "One of the reasons why I have retired early is to give me time to look around." Nelson clearly realised that he was too old ever to succeed to the top joh at Renters, held by Anstralian-born Glen Renfrew, the man who was once his deputy and pipped him to the post when the managing directorship came no last time in 1981. Widely expected to succeed the outgoing Reuters chief, Gerald Long, Nelson saw the Reuters board follow

in Nairobi. Creative Long's advocacy and appoint Renfrew instead, Now 60, he

Bitterly disappointed though Nelson was, his career at Reuters had its compensations. His shareholdings in the com-pany after it went public made him a multi-millionaire. And his ultimate satisfaction is the knowledge that a contract which he had the foresight to negotiate in 1964 with a littleknown US computer company, Ultronics, laid the foundations of what has become the world'a eading screen-based information service

Good diplomacy

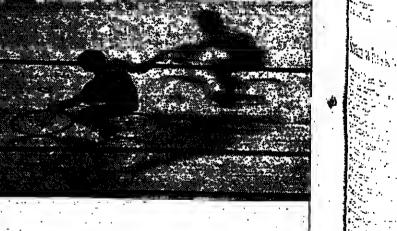
After the tales of unpaid

parking fines and shooting incidents among the diplo-

inchants among the enplo-matic community in London, it is pleasant to record some good deeds. Norma Dove-Ed-win, wife of the Nigerian High Commissioner, yesterday handed a cheque for £130,000 to the World Health Global Programme for AIDC in Action

Programme for AIDS in Africa. She also gave £21,000 to Unicef

for emergency programmes in the Sudan, Somalia and



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accounts. Some cooking,"

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ment. Ex-Reuter men still dine out on telling Long stories.

Card in a Basingstoke shop window: "Busy café requires assistant with ability to do too must be nearing retire-

of Nigeria to persuade his Gov-ernment to provide about £100,000 of yesterday's donainons. The rest tends to come from British companies active in Africa, especially oil compa-nies. But there is one mystery donor. A Dr Lehman contributed £10,000 because he said

he had been so impressed by

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the work done by the wife of the British High Commissioner

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European bank yesterday.



David Lascelles on the reclusive style of banker Edmond Safra

### Banker to the super-super-rich: Edma ond Sairs

where they founded the Banco Safra (which is run by a brother now). In 1956, Saira returned to

the London branch of Republic New York, a bank in which he is a major shareholder. "Branch" is the technically accurate but wholly inappro-priate word to describe the Europe to found the Trade Development Bank in Switzersumptuous mansion in Berkesumptuods mansion in Berke-ley Square where Republic con-ducts its business in the West End. Behind the discreet brass plaque at the door be reception rooms stuffed with antiques and original oil paintings where clients are received and where clients are received and entertained. There is not a teller, a cash machine or so mnch as a cheque book in sight. The truly rich never deal tries

in actual money. Mr Safra himself is a portly 56-year-old with a big domed ehead and plump cheeks which snggest an amnsed smile. He apologised yesterday for a bad back which meant he Mr Safra fell out with Amerihad to perch noright on a hard chair, hut he was otherwise in good spirits and plainly excited abont his new venture into

The encounter occurred in

European banking. The venume is, more cor-rectly, a return to European banking, because Mr Saira has deep business roots in Europe, Born to a long-established banking dynasty in Beirut, his family moved to Italy after the last war and later to Brazil

tity of when ever a set of the

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bevelopment Bank in Switzer-land. It grew rapidly, specialis-ing in the personal banking affairs of Mr. Safra's acquain-tances and business associates in the Middle East. In 1966, he repeated the trick by starting world where be grew up and from his knowledge of the particular anxieties which haunt np Republic Bank in New those who possess great wealth. "It's not what money York, which also emerged as a major force in the private you might make but what money might lose," he said yesterday. "Our clients' nest eggs have got to be protected for them." banking business. It speci-alised in a traditional Safra interest, gold trading and in other activities like dealing in All Safra's banks (he owns more in California and Florida) the bank notes of foreign counare well capitalised. The Not all was alan sailing for Mr Safra. Five years ago he sold TDB to American Express emphasis is constantly on strength and safety. Over 90 per cent of Republic's assets for \$520m and became a kind of are in money market instru-ments rather than locked up in ambassador for the group. But the arrangement did not work.

can Express's management under Mr James Robinson, the chairman, and resigned in early 1985. Since then, Mr Safra has lacked a major banking platform in Europe, particu-larly in Switzerland from which he was barred under a five-year no-competition agree-ment with American Express. That expired this year and Republic, in which he has a 35

year, he dislikes going to two destinations on one trip and usually tries to return to Geneva in between. This only obliges him to spend even more time on the road. Apart from his powerful personal connections among the ranks of the wealthy and influential, Mr Safra owes his busi-ness success to a shrewd feel for the markets and a canny sense of the needs of his cus-tomers, who are located in tomers, who are notated in more than 70 different coun-tries. "He has a sixth sense which tells him where the money is," said an associate

he has to make a big business

decision. Despite the huge

amount of travel he does each

yesterday. The TDB sell-off and its embarrassing aftermath was a rare instance where people accused him of an error of accused him of an error of judgment. His own family, which is closely tied by its Levantine, bonds, is said to have been angered by his readiness to sell out part of the family business. This may have upset Mr Safra with his strong sense of tradition and pathtimony. Datrimony

But Mr Safra is making up for all that with his European bank. The venture is based on his view that the European Community's plan to create an integrated market by the end of 1992 creates an excellent

nking prospect. The private banking market - insofar as anyone can measure it - is thought to be worth at least \$1,000bn and perhaps as much as \$2,000bn. If the new bank can get only 1 per cent of that, it will command huge sums -though Mr Safra stresses it will "The Conservative end." "The EC market is going to become the biggest in the world, bigger than the US, in

terms of people, wealth and GNP," he says. Mr Safra, who will be chairman, is investing \$200m of his personal wealth in it. Those private investors who take up the \$250m-\$300m of shares being offered on the open mar-ket will effectively be putting their money on Mr Safra, his conservative business style ments rather than bocket up in loans, which means they can be liquidated at short notice. "We're bad lenders, so we don't like to take chances," he said. He notes that Republic has no "While World errorms at all and his impressive personal connections. Together with the \$430m being contributed by Republic, Safra Republic Hold-ings with be close on a \$15n Those who know Safra well. say he is deeply imbued with a bank.

sense of history and the threat of impermanence. A supersti-tions man, he is said to consult a portrait of his father which "We thought \$1bn was a good figure to start with," said Mr Safra, with a tone that suggested there was plenty hangs in his office whenever more-where that came from.

here is an old joke about the intermina-ble hair-splitting of academics. A venerable professor spent a lifetime studying the Iliad and the Odyssey. At last, be came to a fundamental conclusion: the two epics were not written by Homer, but by another poet of the same name. Analogous jokes are liable to

be told about arms control negotiations in Vienna. For 15 years, East and West have been talking abont cuts in their conventional forces. In these so-called Mutual and Balanced Force Reductions, no agreement has been achieved,

not even on the name of the talks. Shortly these MBFR talks will be closed down -and a new set of talks on conventional force reductions will be opened up. Under a different name, of course. Kalka invented nothing.

Scepticism may seem out of place in the Gorbachev era. The MBFR negotiations have to be closed down, because both sides got into ruts so deep that they could no longer see over the top. With a different negotiation, different partici-pants and different rules, there

could be movement. Moreover, the Gorbachev era has already produced unprecedented progress in arms con-trol. After the rigid refusal of his predecessors, he conceded the case for a medium-range Euromissile deal; and he is

manifestly prepared to go to considerable lengths to secure deep cuts in long-range strategic nuclear weapons.



appropriate for conventional arms control. The nuclear face-off between the two super-powers is based on parity and overkill; they can both afford large reductions, without sacri-ficing either the credibility of their deterrence or the princi-ple of equivalent cuts. But the conventional confrontation is based on gross asymmetries, both in numbers and in geogra phy. The Russians have more troops and tanks, and getting reinforcements to central Europe would be easier for them than for the Americans. A "balanced" force reduction. agreement would therefore have to be heavily skewed in

The new arms control equation Ian Davidson says France's role

is just one changing element in conventional arms talks

FOREIGN AFFAIRS

favour of the West, if it were to Maintain its security. A study' last December by

the RAND think tank of the US underlines the skew required to give the West a robust conventional defence. If the West were to be able to hold up a Warsaw Pact attack for 30 days, within 20-40 km of the original frontier, then either Nato would need to add around five divisions, or the Warsaw Pact would need to disband

25-30 divisions. Any plausible arms control deal would involve cnts by both sides, however. The RAND study suggests, first, that the ratio of reductions would have to be at least 4:1 in Nato's favour to improve the military balance; and second, that the absolute size of the reductions must be high to satisfy Nato's security require-ment. Small cuts, even if highly asymmetric, would make little difference.

In short, getting a conven-tional force agreement in Vienna will be a tall order. It will require immense goodwill from Mikhail Gorbachev and major sacrifices by the Soviet general staff, but it will also call for a searching re-examina-tion by both sides of the real nature of the East-West confrontation as we approach the 21st century. For the past 40 years, the practical assessment of the Soviet threat has largely French nuclear doctrine. been left to the worst-case assessments of the military. In a serious negotiation on deep

cuts in conventional forces, both sides will have to be a sight more subtle than that. One innovation in the run-up to the new conventional arms talks is not merely that France will be a participant, but that the French Government is approaching the negotiations in a constructive frame of mind. In the past, the Quai d'Orsay has been widely sus-pected of sowing minefields of

obstruction and delay in the path of any attempt to implicate France in arms control. President Francois Mitterrand has now decided that the prospect of real arms control is an opportunity which must not be thrown away, and be wants serious negotiations in Vienna.

As a measure of the new approach, the French Governat appears determined to be wbolly undogmatic. Even before the new talks bave begun, the East-West negotiators in Vienna have heen engaged in formal manoeuvr-ing on recondite issues of zones and dual-capable aircraft. But the French say that none of these issues has the force of boly scripture: the only consideration, is what will improve military security and reduce the danger of Soviet surprise attack.

One point on which Paris has not shifted is the absolute priority of French national autonomy. This is not to be a negotiation between two blocs. Yet the paradox of a real nego-tiation is that it must urge a military rapprochement between France and her European allies; and the double paradox of a conventional-force negotiation is, first, that it will downgrade France's unique status as a European nuclear power, and yet second, that it will raise sensitive issues of

Five years ago, in the East-West confrontation over nuclear missiles in Europe, President Mitterrand played a powerful symbolic role on the sidelines when he publicly endorsed the deployment of new American cruise and Pershing 2 rockets in West Germany. in the new Vienna talks, France will not be on the sidelines; but the more it insists on its independence from its allies, the less its influence will be.

Conversely, the prospect of a rearrangement of the conventional balance in Europe must cause some rethinking of the conventional nuclear equation, both in Nato and in France. The French say that there can be no change in their doctrine of absolute nuclear deterrence. whereas the rest of the alliance has been increasingly con-cerned to raise the nuclear threshold; but it would be surprising if the Vienna negotiations did not underline the need for greater convergence between them.

23

Moreover, a successful Vienna negotiation would have a profound impact, not just on relations\_between East and West in Europe, but also on the political geography within Western Europe. The Euromis-sile crisis reinforced France's political influence in Europe, and paved the way for Presi-dent Mitterrand's defence rapprochement with West Geriny. But in an era of détente and arms control, France's nuclear role is a less salient card. In the joint Franco-German Defence and Finance Conncils launched this year, France's nuclear dominance may be thought to have balanced Germany's economic dominance. Détente may raise questions over that balance, and over the future basis of the Franco-German bargain.

in short, the paradox of an up-beat view of conventional arms control is that it would underline the convergent interests of Europe's two nuclear powers, France and Britain, A recent report<sup>2</sup> by the leading



foreign affairs think-tanks in France and Britain bas concluded that these convergent interests call for the two countries to conclude a hilateral security treaty, so as to promote co-operation in nuclear, conventional and arms control fields. Hitherto, such co-operation seems to have had a higher priority in Paris than in London; quite accidentally but symbolically, the report has already been published in Paris but not yet in London.

Conventional Arms Control Revisited; Thomson, Gantz; RAND: \*Pour Une Nouvelle Entente Cordiale; Boyer, Lellouche, Roper (eds); IFRI and RIIA

LETTERS

per cent stake, quickly ope

unveiled yesterday.

an office in Geneva. But Safra plainly wanted more than that, hence the new scheme

The key to all Safra's busi-

ness ventures is caution, based

on lessons learned, no doubt, in the volatile region of the

Third World exposure at all.

# 

## Strength means using UK production capacity

From Mr T.M. Barclay. Sir, There can be no doubt that the fature of Britain's. manufacturing industries now depends entirely on our ability to maximise the use of our production capacity. Those firms determined to

survive recognise that shift working, and seven-day workrotas, must become the accepted norm. Only thus will unit costs he reduced to internationally competitive levels. It is depressing to compare

this need with the Luddite attitude of the Trades Union Con-gress (TUC) conference at Bournemouth. Its knee-jerk resistance to continuous opera-tion is the less explicable because the 168-hour week requires at least four employ-ees for each machine, and could have an impact immediately on unemployment levels. Trade-union resistance is butiressed by the punitive pre-miums applied to overtime, shift work, and weekend work-

ing - substantially higher in the UK than in many competitor countries. This attitude is typified by the current Confederation of Shipbuilding and Engineering Unions (CSEU) claim in the engineering industry which seeks - apart from higher wages, a 35 hour week, and more holidays - a "substantial increase" in shift payments and overtime premiu Perhaps the time has come for managements to consider

the full implications of the "equal-pay-for-work-of-equalvalue" legislation, and the recent House of Lords landmark ruling. Is work done at 9pm of more value than the same work performed at 9am? Is a task carried out on Saturday or Sunday worth more than the same task completed on Tuesday or Thursday? T.M. Barciay, Fine Tubes Estover Works,

# Plymouth, Devon Car exports on

### Scotch whisky imports restricted in Korea

From Mr H.F.O. Bewsher. Sir, I am surprised at Mr Um's statement (Letters, Sep-tember 14), that "Koren has long recognised that the only really effective way of ensuring that her own industries reach and maintain a competitive level in today's global markets is to encourage competition with foreign imports in the domestic market."

Scotch whisky continues to face punitive barriers in Korea; one reason being the Korean Government's desire to allow its domestic whisky industry to develop, although Korean consumers have shown littleliking for this protected prod-

The quantity of Scotch which may be imported each year is subject to strict Korean

Government recommendation. Only a government agency, the Korean National Tourist Cor-poration, and a small number of other authorised companies (for example, Korean Air Lines) may import bottled in-Scotland Scotch whisky, which thereafter can only be sold through duty free shops, and hotels and restaurants catering applies only to two or three Korean companies, and is sub-ject to quantitative restrictions. The 1968 quota has been set at a level below 1965 . . . Our industry, with the whole-hearted support of the British Government and the European Commission, has for tourists. Moreover, the exorbitant lev-

els of duty and taxation which apply, in any case, place such bottled-in-Scotland Scotch whisky out of reach of most Korean consumers. The mini-mum price of bottled-in-Scotland brands is about £40 per-

A degree of liberalisation Director General, the Scotch Whisky Association, 20 Atholl Crescent, Edinburgh, Scotland was granted in 1964 when, for the first time, malt and grain Scotch whiskles were allowed

meetings invariably draw infinential participants from

business, government and aca-demia. With the respect it has

fragile base to be imported separately in bulk, to be blended and bottled From Mr H.F. Astor. Sir, The example of Jaguar in Korea as 100 per cent Scotch whisky, and sold on the domes-tic market. But this concession cars shows how fragile the industrial erport economy is. The short-term strength which

the s has experienced recently has been a permanent feature of the Japanese yen and the West German Deutsche Mark. Both countries are exporting more cars than ever, both have solid export surpluses. tried to persuade Korea to lib-

The extra 3 or 4 per cent per amum which foreign investors were able to get at the begin-ning of the interest rate rises has now been wiped out. If the E continues downward, any difference in interest is lost in days - not per annum. H.F. Astor,

Barnsnape Farm Cuckfield, Sussez

### but very little capital invested in the TPRC Much prestige -

From Mr Robert E. Baldwin and others.

Sir, As American economists specialising in international economics, we have been astonished and alarmed to learn that the Trade Policy Research Centre (TPRC) is in financial difficulties. The TPRC is not just "one small policy group". The great influence of the centre, relative to its modest size, is remarkable.

and its journal, The World. Economy, are very widely read. This is because they excel in clear and stimulating analyses of sometimes technically complex, always politically difficult, trade issues, and the pros and cons of policy options for resolving them. The centre's carefully pre-

come to enjoy in policy-making circles around the world, the centre has been able to play a unique, important role in con-vening informal round-table meetings of ministers, senior officials, business leaders and independent economists (and st size, is remarkable. The centre's Thames Essays tant, trading constries, nd its journal. The World, Through such occasions, the centre has been able to make direct contributions to policy discussions at inter-governmental levels, drawing not only on its own studies but

also on those of others. A.great deal of prestige has been invested in the TPRC, but very little capital. For 20 years pared and highly successful the centre has been seriously

under-funded. Perhaps that has been the price of being the first institute, anywhere, to take a close, continuous interest in irade policy issues arising at inter-governmental levels. On the basis of its outstand-

eralise bottled-in-Scotland imports of Scotch whisky in time – it had been hoped – for the Olympic Games. It was

not to be.

H.F.O. Bewsher,

ing record, particularly in demonstrating the economic and political benefits - to firms, workers and societies at large - of an open and rulebased trading system, the TPRC deserves to be afforded strong financial support so that it may continne and expand its important work. Robert E. Baldwin, University of Wisconsin-Madi-

Bela Balassa Johns Hopkins University and World Bank, Isaiah Frank Johns Hopkins School for

American Enterprise Institute Gary Huibaner, Georgetown University, D. Gale Johnson,

L. crace southson, University of Chicago, Lawrence B. Krause, University of California at San Diego, Mordechai Kreinin, Michigan State University, Robert Lawrence, The Brookings Institution Mancur Olson, University of Maryland, Gardner Patterson, Washington DC, Gary Saxon University of Michigan, T.N. Srinavasan, Yale University, Robert M. Stern.

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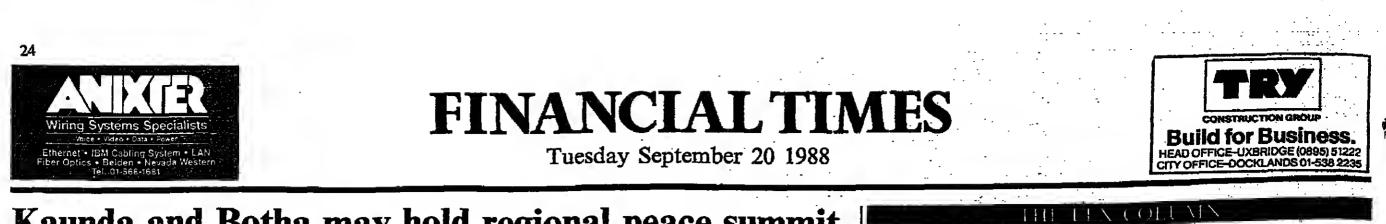
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# Kaunda and Botha may hold regional peace summit

By Michael Holman in Maputo

TENTATIVE plans are being made for a meeting between President P. W. Botha of South Africa and President Kenneth Kaunda of Zambia to discuss recent southern African peace initiatives.

African and Western diplomats say various recent devel opments may have laid the ground for such a meeting.

These are the apparent prog-ress in the US-sponsored talks on Namibia and Angola under way since May, signs of better relations between Mozamhique and Sonth Africa, and hopes for the release of Mr Nelson Mandela, the African National Congress leader, from detentroops from Angola.

A meeting between President Botha and President Kaunda would be welcomed by the British Government. Sir One possible issue for discussion is a potential mediat-ing role for President Kaunda ing role for President Kaunda in efforts now taking place to reconcile the Angolan Govern-ment and the Unita rebel movement led by Dr Jonas Savimbi, which is backed by South Africa and the US. The other main hurdle to a settlement in sonth western Africa is the wide gap between Sonth Africa and Angola over the timetable for the with-Geoffrey Howe, Britain's For-eign Secretary, who returned to London early today from his 10-day visit to five African countries, has been expressing cantious hopes over recent developments in the region.

In response to a eceptical questioner at a weekend press conference who raised the issue of the apparent stalethe timetable for the with-drawal of some 50,000 Cuban

John Wyles examines a furious debate over Italy's state-owned sector

mate in Sonth Africa. Sir Geoffrey suggested that the "mate was not as stale" as his questioner suggested.

While in Maputo, the Moz-ambican capital, Sir Geoffrey also hardened Britain's posi-tion over South Africa's breaches of the non-aggression pact with Mozambique, where rebele backed by Pretoria threeten the British-aided rehabilitation of the Limpopo

railway, a project designed to reduce black southern Africa'e dependence on South African

trade outlets. In the keynote speech of his journey, Sir Geoffrey emphasised that Britain expected South Africa to bonour the pact, a call which is under-

stood to have been firmly made by Mrs Margaret Thatcher, Britam's Prime Minister, in private messages to Mr Boths. • Mr Javier Perez de Cuel-

lar, the UN Secretary-General, pays his first visit to South Africa in five years tomorrow to discuss Namibia.

Industry on the menu for Italian parties

smallest, financially weakest and persistently loss-making of fally's three state-holding com-panies. Counting on Mr Craxi as its main line of defence, Efim has refused to allow Bredz any role in Mr Fablan're etrategy despite approaches from Finneccanica. If Bredz is left outside the national railway company, however, it could go to the wall.

wali. Although the politicians arguably ought to be discuss-ing whether it makes any sense for the three state hold-ing companies to be overlapping in electrical engineering, tourism, insurance and several other sectors, in fact they will be seeking to trade between themselves a number of industrial and financial bargaining counters. These include:

• The succession to the late Marisa Bellisario as managing director of Italtel, the state telecommunciations company. The Socialists are pushing hard for Mr Roberto D'Alessan dro, who runs the port of Genoa

 Allocation of the top jobs in a number of state banks including Monte Dei Paschi di Siena, Banco di Napoli and Banco di Sicilia, plas about 20

Banco di Sicilia, pide about 20 savings banks. • The future of the SME food company which Mr Grazi prevented Mr Carlo De Bene-detti from buying three years ago. Mr Grazi's business ally, television magnate Mr Silvio Berlusconi, is interested in accuring SMP's summarizet acquiring SME's supermarket chain, GS.

One heavily-backed forecast

to the quiet life Glazo

Glaxo settles back

Long and the second second

It is too early to be sure, but it looks as if Giaro's shares may have turned the corner. It has been a rough year for the UK market's fifth higgest stock, from the revelation of lower growth in last year's figures to the contucion caused by the Share price relative to the FT-Al-Share Index 100 the confusion caused by the huge scale of the research and 90 Sep 87 . 1988 Sep

the confusion caused by the huge scale of the research and development programme. The past six weeks, though, have seen a recovery of more than 10 per cent relative to the mar-ket; and yesterday's full year. figures met with an encourag-ing lack of profit-taking, even-if the price weakened with Wall Street later in the day. Indeed, though the figures showed the expected alowdown - pre-tax profit up only 12 per cant, to 2832m - there is much that is encouraging. Glazo is still growing faster than its industry - from fourth to sec-ord in the world sales league in the course of the year - and trading margins before B & D are rock steady. Antibiotics seem to be taking up the run-ning as Zantac alows, and it now seems that the build-up in the sales force may be com-plete by the early 1990s, allow-ing the contribution from the new drugs to come straight through to profit. If is ernally clear, though. share price has risen by a com-pound rate of over 20 per cent per annum over the last decade, and a comparison with Citicorp's share price over the same period is even more flattering.

new drugs to come straight through to profit. It is equally clear, though, that the cash mountain - now £910m net - is still growing, despite R & D and capital expenditure of 5700m this year. The argument that the cash is needed for the husiness will scarcely do any more; and with big acquisitions explicitly big acquisitions explicitly ruled out, shareholders are entitled to ask for their money back. The company is belatedly to seek powers to buy its shares at the December AGM; in the meantime, it might help to put the £1hn portfolio under more active management. Coats Viyella Coats Viycila For a company whose main claim to fame was supposed to have been its ability to hold off the foreign textile hordes, admitting that imports had savaged its business was never going to be easy. But yester-day's 10% per cent drop in the Coats Viyella share price prob-ably reflected two parts plain discuchantment with the group's ambitions for, swary one part of actual profils short-fall, indeed, the market's aver-sion even extended to rival

more active management. At 966p, though, the shares are only on 11 times earnings to next Jane. The slight pre-mium is surely justified by the fact that Glazo is a defensive, counter-cyclical stock on almost every conceivable ground; and if the shares prove duller from now on, they should be safer as well.

### Safra Republic.

It is a measure of Mr. Edmond Safra's mystique in the international financial

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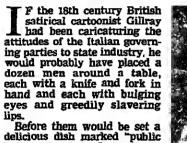
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using the Coats distribution network to push Vantona's products. But the group's busi-form to Mr Alliance's way of thinking, and though foreign sourcing almost doubled in the first half, it remained embar-assingly low at only 10 per cent of UK sales. Perhaps the market was too hasty in concluding, two years ago, that an international tex-tiles conglomerate was the shape of things to come; but since then it has certainly made up for all its heady imag-inings, marking the shares down 32 per cent against the market over the past year, even before yesterday's plunge. The prospect of perhaps £20m full year, meanwhile, is scarcely the stuff of recovery.

### Gold

If the gold price obeyed the fundamental laws of supply and demand, it would almost cartainly be a lot lower than it is today. Gold supply has risen by a third over the last five years, and should rise by at least as much again over the hert for as new mines with However, past performance is not always a guide to the future, and there are a number of reasons - ranging from the lack of a London and New York quote to the emphasis on quasi-tax haven business for wealthy individuals - which hert five, as new mines with average costs of production way below current price levels might make the more cautions international investor prefer the well known risks of Lloyds come on stream. Meanwhile, there is no evidence that increased industrial/jewellry Bank, say, which is selling on less than 4 times earnings and yielding over 7 per cent. But though Republic may be rais-ing capital on the cheap, there is sounce common for invesdemand will be anywhere near enough to offset the increased supply. However, it would be wrong to ascribe the recent sharp fall in the gold price to any fundamental reassessment of the unrule and demand by tors in the fact that Mr Safra, unlike most bankers, is at least putting his own money on the line. of the supply and demand balance.

The long-term gold bulls have never been particularly worried by the increasing sup-ply argument. Not counting the 40,000 tonnes of gold in central bank vaults, there are another 70,000 tonnes of gold in existence, so the extra 500 tonnes a year which will be coming onto the market by the mid-1990s scarcely matters. mid-1990s scarcely matters. Throw in the fact that if the price fell below \$350 per ounce for a prolonged period, as much as a quarter of world production would disappear since many high cost South African mines would stop producing - and the gold price should have a floor not far



lips. Before them would be set a delicious dish marked "public industry" and the fleshy diners would be ignominiously scram-

bling for the largest chare. The five coalition parties understandably prefer to give a more decorous and higb-minded impression of their response to pressures to resbape the public sector industry, stressing that recent management decisions in the state companies and the Euro-pean Community's 1992 open market deadline necessitate a

review of the problem. The industrial dehate in Italy vividly reflects the tensions being caused by the parties' reluctance to loosen their long-

standing grip on the nation's economic institutions. The resulting conflict with public managers, anxious to manage more according to the dictates of the market than of the politicians, is impeding restructuring and reorganisa-tion within the public sector and between the public and

and between the public and private sectors. Politicians and top managers are now obviously fed np with each other. Mr Romano Prodi, president of IRI, largest of the three state holding companies, has been stomping the country urging his political masters to play by the rules which require



Eni chief Franco Reviglio: unable to choose the best solu-

expressed by most commenta-tors is that the politicians are seeking to turn back the clock to the 1970s when managerial prerogatives, halance sheets and industrial logic were ruth-lessly subordinated to preserv-ing lame ducks and to furtherfocused particularly strongly ing party interests.

Concern has been focused by the meeting of coalition party leaders on August 4 when Mr Bettino Crazi, the Socialist sec-Mita. retary, insisted that a number of decisions affecting the pub-lic sector must be frozen pending an in-depth review. The immediate effect was to

immohilise Mr Carlo Fracanzani, the Minister for State Holdings, whose unusually energetic exercise of the powthe nuge comesti



leave managers to get on with

uncomfortable unless he Socialists' suspicions have

on the strategy being pursued by Mr Fabiano Fabiani, the

Mita. Starting from the premise that the Italian railway equip-ment industry is hopeleesly fragmented, unable to plan and manufacture complete railway systems and about 25 per cent less competitive on price than its main European counter-parts, Mr Fabiani has set about trying to build an integrated sector capable of competing for the huge domestic Italian

The Finmeccanica chief wants to put all these parts together with Ansaldo Tras-porti, until now only a pro-ducer of locomotives, to make what he says would be the third largest railway equip-meat company in the world. All of which would appear to make sound industrial sense, except that it cuts into sensi-tive political nerve in at least two places. Concern about the

Premier Ciricao De Mita: life IRI president Roman Prodi: becoming even more uncom-fortable managing venture concortium with Firema, a small Italian rallway electrical engineering com-

electrical engineering com-pany, and agreed in principle with the Fiat group to swap Alfa Avvio, the aero-engine components company, for Flat's Savigliano subsidiary which specialises in advanced bogies and rolling stock. The Finmaccapics chief Christian Democrat managing director of Iri's engineering subsidiary, Finmeccanica, and a former counsellor of Mr De The Finmeccanica chief

them to set long term aims and leave managers to get on with managing.

Mr Franco Reviglio, his counterpart at Eni, the public energy glant, has heen less publicly vociferous but equally angry in private at his inability to choose the best solutions for struggling areas of his husiness. The fear now being

months has, the Socialists feel, tilted rather too much towards reinforcing the Christian Democrat public sector empire. After their election success

of the past 15 months, the Socialists believe their weight should be increased at the expense of their coalition ally

and they will make life for Mr Ciriaco De Mita, the Christian Democrat premier, even more

investment envisaged for the 1990s. His assumption is that after 1992 these orders can no longer be the exclusive preserve of Italian companies.

So since the spring he has bought crucial technological and manfacturing capacity in electronic signalling from American Standard, the US conglomerate, agreed a joint

power and reach of the Fiat group already runs high in the Socialist Party, which will not easily stomach passing full control of Italy'a aero-engine production (through a marriage of Flat Avvio and Flat Aviazione) to Turin.

**Polish Government gives** 

in to calls for resignation

Secondly, Breda Ferroviaria is Italy's leading railway equip-ment producer and Breda belongs to Efim, much the

By Christopher Bobinski in Warsaw

MR Zhiegniew Messner, Poland's Prime Minister who

more control of banking and that the once-to-be-privatised SME, shorn of its supermarkets, will be transferred from IRI to Efim as some compensa-tion for losing Breda, to Mr Fabiani'e construct. Whatever solutions eventu-ally emerge will make some

is that Mr Cran's

kind of political sense, hut their industrial logic is much more uncertain.

community that his advisers are confident that they can raise \$250m or more of new equity for a brand new European bank withont a track record. To be fair investors in previous Safra vehicles, most notably Trade Development Bank and Republic New York Corporation, have done well over the long haul. The latter's

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Courtaulds, which is only half as exposed to textiles as Coats Viyella. Nonetheless, the logic of Mr David Alliance's grand global affected by this sort of arithme-plan for the group mnst tic, and the key, as always, lies remain as persuasive as the day that he merged Coats Patons and Vantona Viyella; his aim, to source abroad and his aim, to source abroad and beat the cheap foreign produc-ers at their own game, while of an acceleration in the first sight

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from current levels, However, gold has never been much with speculative demand. The real worry here is that the authorities have been moving

# French to launch debt relief plan for developing countries

### By Paul Betts in Paris

THE FRENCH Government is drawing up new proposals expected to include a plan to alleviate the debt burdens of the large middle-income developing countries.

The proposals are expected to be put forward within the next week either at the annual meeting of the International Monetary Fuod or at the United Nations General Assemhly. They will embrace botb the debt of poorest countries as well as that of large middle-income debtor countries, most of which are in Latin America.

They could be expected to take forward a Japanese sug-gestion to relieve the debt of the large developing country debtors by belping them to exchange some of their loans for new securities at a discount on face value.

The proposals are under-stood to have been worked on both at the Presidential Elysée Palace and at the Finance Ministry. It was uncertain yesterday wbether they would be announced by Mr Pierre Beregovoy, the Finance Minister, at

Ageore Algiers Acceleration Babraic Babraic Babraic Babraic Babraic Babraic Babraic Barris Ba

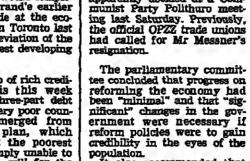
the forthcoming IMF meeting in Berlin or by President Fran-The Elysée made it clear that Mr Mitterrand intends his cols Mitterrand during his address to the UN General Assembly in New York on September 29.

developing countries would

UN speech to be an important policy statement, which would inevitably include North-South and debt issues. The speech will be his first major foreign Although details of the plan appear not to have been finali-sed, the French are studying a policy statement since his re-election last May. The speech is expected to set the tone of scheme under which principal and interest payments of new securities, issued in exchange France's foreign policy for his new seven year term. for loans by debtor countries, would be guaranteed hy an escrow fund and financed by a

The proposals would comple-ment Mr Mitterrand'e earlier special issue of Special Draw-ing Rights by the IMF. The Japanese plan envisaged that a special IMF account would be set up into which suggestions, made at the economic summit in Toronto last June, for the alleviation of the debt of the poorest developing conntries.

deposit resources to guarantee debt service payments on sec-uritised and restructured debt. The Finance Ministry was The Paris Club of rich credi-tor countries is this week reviewing the three-part debt relief plan for very poor coun-tries which emerged from Toronet Whe plan yesterday playing down a French news agency report quoting "very good sources" which claimed that France was about to propose its own plan for the conversion of part of developing country debt into negotiable securities. Toronto. The plan, which recognises that the poorest countries are simply unable to pay their debts, will for the first time allow Paris Cluh members to grant debt conces-sions to these countries.



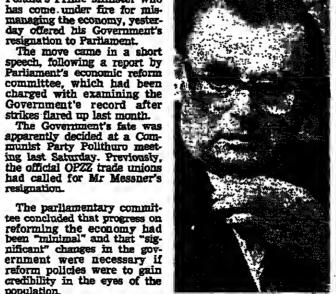
more members of the subordinate Peasant and Democratic parties be hrought into the Government, as well as non-party members of independent views who had criticised offi-

It is expected that the depu-ties will accept Mr Messner's resignation and he will be asked to carry on with his duties in a caretaker role until

"Governments come and go but the problems remain," he at least the beginning of next said. Then a Communist Party

central committee meeting is to agree on a new candidate for The small Democratic Party was the most forthright in the prime minister, who will be presented for approval to Par-liament soon after. debate in its criticism of the Government, while the Peasant Party was more restrained. Both risk losing seats in Parlia-ment if the ruling Communists go ahead, as they promised to, with plans to bring members of the Solidarity opposition into a new Parliament due to be

In his speech, Mr Messner defended his record on economic reform, explaining that the process took time and that the country was merely at the start. elected next year.



A grim-faced Zbiegniew Messuer prepares to submit his government's resignation to parliament yesterday

Economic failures had come where the Government had given into pressure from par-ticular lobbies and interest groups and had not followed the national interest.

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Generative Periode Per

### Soviet system slips into chaos Continued from Page 1 20 per cent of the manufactur-

ers intended to cut production between 15 and 30 per cent. "Do we have to elaborate the fact that this one-sided rejection of state contract agreements and the violation of industrial connections can bring unforetold conse-quences?" he said. Gosplan, Gossnab and the fragmented array of ministries

which represent every sector of industry have now been told to produce compatible targets.

# It also recommended that

week.

# cial policies.



# **FINANCIAL TIMES COMPANIES & MARKETS** Tuesday September 20 1988



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### INSIDE

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### Green light for German bonds

It is the most important liberalisation of the German government debt market since foreign banks were allowed into the federal debt consortium in mid-1986. Yesterday, the German Finance Ministry gave non-residents the green light to buy Bundesobligationen (Federal Bonds) from the beginning of next month. The move now focuses attention on the other types of government debt that may be liberalised to allow foreign purchases. Page 32

### US machine tools industry . moves back into gear



After many years of decline, the US machine tool industry is moving back into gear. New orders during the first even months of the

year have surged 82 per cent as domestic manufacturing industry has speeded up a huge rein-

ament programme. Voluntary import restraint by some foreign competitors and the strength of the yen have also helped. The long overdue recovery, how-ever, may prove shortlived. Page 25

### Builders' merchants do battle

A round of restructuring la under way in the traditionally stald world of British builders' merchanting. The current three-way takeover battle involving Sandell Perkins, Travis & Arnold and Meyer International will lead to a further concentration of the market - worth some £5.5bn (\$9bn) a year - In the hands of a few large players. Philip Coggan examines the forces at work. Page 35

### **Turbulent times for cocoa**



The collapse of weekend talks at the international Cocca Organisation has opened the way for fur-ther fails in the price of cocoa futures. Yester-day's near 13-year low is accompanied by fore-casts of steeper declines by the end of the year while fresh production surpluses have done little to ease the interne-

cine wranging that has bedevilled the buffer stock system. David. Blackwell in London looks at the Issues confronting the world cocoa market. Page 48

Statoil struggles in deep water Swamped in a sea of controversy since the huge cost overruns of its Mongstad refinery, Statoil faces a very uncertain future. Options include a break-up of the Norwegian state oil company or even a partial privatisation. Mr Harald Norvik, president of Statoil since Janu-

# £832m profit as Glaxo moves up sales league

By Peter Marsh in London

SIR PAUL Girolami, chairman of Glaxo, Britain's largest drugs company, yesterday unveiled a 12 per cent increase in pro-tax profits, and said "it is only a question

its, and said "it is only a question of time" before the group tops the world league table for pharma-centical sales. Profits for the year to June 30 were \$332m (\$1.40n). The result was broadly in line with analysts' expectations, and was achieved largely through strong sales of high-volume drugs such as the anti-ulcer formulation Zantsc. Another factor was a good per-

anti-ulcer formulation Zantac. Another factor was a good per-formance by Glazo's North Amer-ican subsidiary. Total sales for the year, up 18 per cent to £2.1bn, enabled the group to gain ground randdly on its rivals. According to the com-pany's figures, it is now the world's eccord higgset drugs comworld'a second biggest drugs con-cern, a position it shares with Switzerland's Ciba-Geigy. Marck of the US holds top spot. But Sir Paul said he hoped Glazo

would soon reverse this position. This time last year the British group was placed sixth in the world, in terms of sales.

Earnings per share have climbed 15 per cent to 77.1p and a final dividend of 18p a share will lift the year's total payment from 19p to 25p.

Trading profit pushed ahead from £695m to £764m and the company's shares closed yester-day at 966p, down 17p. Behind the performance over

Bening the performance over the year were strong sales of Glazo's main products, including not only Zantac, which in July became the first drug to have annual sales exceeding fibn, but Zimat, an antibiotic, and Vento-lin, which is used hy asthmatics. Glazo had a particularly good 12 months in the US and Canada. In North America, sales leant 26

Good growth was seen in France and Spain. Japanese sales climbed 15 per cent to £176m. The increase in turnover in

many of these regions, as mea-sured in local currencies, was above that recorded in terms of sterling, where the figures suf-fered as a result of currency fluc-

If exchange rates had remained at the level of last June, total sales in sterling for the year would have been £94m higher; corresponding to an overall

increase of 24 per cent. Trading profit would have been 522m higher, equivalent to a rise of 13 per cent compared with the

recorded improvement of 10 per cent Research and development spending during the year surged from £149m to £230m. Glaxo's

expenditure in this area has been expanding rapidly, but Sir Paul said that the increase in the past 12 months was exceptional. Spending would continue to rise, he said, but at a slower rate. This year the R&D investment should amount to about £300m.

Despite the extra money being diverted to research, Glaxo is turning out profit at such a rate that its cash mountain is con-tinuing to rise sharply. Net liquid funds amounted to \$912m, an increase of £183m in the past year. The company plans to change its accounting rules to enable it to buy back some of its shares.

Sir Paul also said Glaxo did not rule out spending some of its cash pile on acquisitions. He donbted, however, that Glaxo would find a suitable company to purchase that fitted in with its strategy of concentrating on pre-scription-only products.

300 53

**ENI** holds talks on petroleum distribution ioint venture

### By Alan Friedman in Milan

ITALY'S ENI state energy group is holding talks with two or three of the world's leading oil producers which are aimed at achieving a joint venture accord in the downstream petroleum distribution sector.

Distribution sector. Professor Franco Reviglio, the ENI chairman, has disclosed the existence of the negotiations, which are modelled on the agree-ment between Texaco of the US and Saudi Arabia earlier this

The idea is for an agreemen interineral is for an agreement under which the Italian company would assure liself of a multi-year supply of crude oil at stable prices in exchange for the sale of a minority shareholding in its main refinery company, Agip, to the oll-productor company.

the oil-producing country. Prof Reviglio has not stipu-lated with which nation ENI is talking. The company said yes-terday that, while negotiations are under way, it could be sev-eral months before an accord is reached.

Agip is Italy's largest petrol company and together with its IP subsidiary controls around 4,060 stations up and down the

Italian pensinsula. Prof Reviglio also said yester-day that ENI aims to raise around L500bn (\$357m) from the Italian equity market over the

italian equity market one next three years. "We want to bring on to the market all of the quotable com-panies," he said at the debut yesterday of the chemicals unit Eni-chem Agusta on the Milan

Prof Revigilo said the group was considering seeking a bourse listing for an unidentified bourse listing for an unidentified oil production subsidiary, but he declined to give further details. He ruled out a listing for Agip. Also, around 15 per cent of shares in the recently-formed chemicals joint venture between ENI and Montedison will be placed with foreign and domestic institutional investors by the end of 1988, Prof Revigilo said. The stake would be worth around L600bn and the foreign placement would be guided by Goldman Sachs and Morgan Stanley Group, the two US bro-

Stanley Group, the two US bro-

# **Japanese** take tough action on insider dealing By Stefan Wagstyl in Tokyo

DIRECTORS of publicly quoted Japanese companies will be have only a limited effect. For-eign brokers argue that insider trading will not be eliminated obliged from next month to disunless changes come about in a traditionally lax attitude to providing information. Mr Setsuya Tabuchi, chairman

oniged from next month to dis-close dealings in their own com-panies' shares, in a tough new regulatory code announced by the Ministry of Finance. The rules, which extend greatly the range of information companies will be required to publish, come into effect on Octo-ber 1 as part of a package of measures taken to try to prevent of the Securities Dealers Associa-tion, said last week that to reduce the possibilities of insider trading still further Japanese companies should adopt the US measures taken to try to prevent insider dealing in Japan. As well as disclosing directors' pattern of reporting results quar-terly instead of half-yearly.

He urged securities companies share dealings, companies will be required to issue statements to learn from a recent case of insider dealing involving employ-ees at Sankyo Selki, a machinery company, and Nippon Steel. when potentially market-sensitive decisions are made.

Corporate mergers and acquisi-tions, joint ventures, disposals, lawsuits, the reassignment of a chief executive or other board Mr Noboru Takeshita, the Prime Minister, has backed calls for the creation of a securities watchdog modelled on the US Securities and Exchange Commember are all to be covered by announcements. The Japanese authorities and the securities industry are anx-ious to dispel the belief, common

mission. He told a Parliamentary committee on Friday that it was time for Japan to consider the among foreign stockbrokers in Tokyo, that the new rules will creation of such a body but did not elaborate.

# Qantas 'preferred bidder' for Air NZ

### By Terry Hall in Wellington

NEW THE ZEALAND Government yesterday named the Australian airline Qantas as its preferred bidder for a 25 per cent stake in Air New Zealand, the state flag carrier.

Mr Bill Jeffries, Aviation Min-ister, did not rule out prospects that rival bids would still be considered before the sale was finali-sed in mid-October. No price was

disclosed. The announcement surprised the New Zealand airline industry. British Airways (BA) had been widely considered the front-run-ner and was also known to be the preferred partner of management at Air NZ, which believed a BA link would lead to greater pros-

pects for co-operation on rontes in south-east Asia. Mr Jack Scott, Air NZ's newly appointed chief executive, Qantas said that it was pleased to expressed astonishment at the be named front-runner and was awaiting further details. news On Friday, BA representatives in New Zealand had expressed confidence that they would suc-The announcement also raises questions over the future of the remaining 75 per cent of Air NZ, which the government wants to sell as part of its privatisation programme. It is believed this will now be offered to the New ceed. "We have a 60-40 chance against Qantas," one official said. Last night they said they were disappointed but good relations would continue. BA's latest nego-Zealand public in a share flotatiating team left Auckland two tion.

Challenge against a bid from British Gas. Mr Jeffries did not explain his reasons for preferring Qantas. However, it is known that the Australian Government has been lobbying strongly on its behalf,

coax higher bids from other

potential buyers - similar to the

auction it conducted for Petrocorp, the energy company which was sold to the local Fletcher

citing greater co-operation on the Closer Economic Relations pact between Australia and New Zea-land, and the need for a strong regional airline on Asia-Pacific routes routes. Mr Jeffries said the govern

ment would now enter a final round of negotiations with poten-tial bidders to complete the deal. An offical of the state-o

Bras 250 million US 200 W.Europe Good for the lingerie market: Dallas and Dynasty stars, Linda Gray (above) and Joan Collins 150 1983 84 86 .87 85 **Girdles / corsets** 50 tellion

# mations

12 months in the US and Canada. In North America, sales leapt 25 per cent to \$231m and the group is growing faster than virtually all its major US-based rivals. Sales in the UK jumped 19 per cent to \$277m, and revenues from the rest of Europe accounted for

ary, is trying to safeguard the company'a propects by looking at overseas expansion, but he says: "We have to rethink our international strategy before we go further". Page 28

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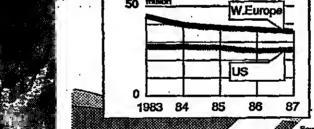
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# Putting the glamour back into lingerie

Plans to buy-out Playtex highlight a revival in sales of women's underwear, reports Alice Rawsthorn

E tomed though it is to swashbnckling corporate finance tactics, has been taken aback by last week's extraordi-nary announcement that the Playtex management team is to stage its second leveraged buy-

stage its second leveraged buy-out in as many years. The story behind the buy-out is no less extraordinary. It is a tale starring Sue-Ellen Ewing and Alexis Carrington Colby, sirens of Dallas and Dynasty, the US television soap operas. For the sight of Sue-Ellen and Alexis, or rather of their lacy lingerie, on the world's television screens has been one of the chief catalysts for the recent revival in sales of the recent revival in sales of women'a underwear. Playtex is one of the world's

largest lingerie producers. The revival in sales has played an important part in its unexpectedly strong performance since the original buy-out in 1986.

The company has since seen sales and profits soar. It is thus able to bear an increased burden of debt. Once the \$1.3bn buy-out is completed the management, under Mr Joel E. Smilow as chairman, will greatly increase their stake in the company, tak-

ing sole control of its underwear division and having a substantial holding in the personal products husiness

In the 1970s the lingerle indus-try was in the doldrums. It suf-fered first from the demise of the girdle and then from a fall in bra sales, when the women's liberation movement pilloried the bra

as a symbol of oppression. Moreover, the major manufac-turers in North America and Western Europe faced an influx of low-cost imports from the Far East and eastern Europe.

Imports have since captured a large part of the market for briefs and slips but the market leaders have maintained their dominance in bras. The bra is a complex. product - where size and styling is critical - and the sophisti-

tained a competitive advantage over emerging producers. The world market today is dominated by Triumph Interna-tional, the privately-owned Swiss company; Playtex and Warner, the giant US groups, which moved into Europe in the post-war years; and Waccal of Japan. All these companies have been

All these companies have bene-fited from the recent revival as the influence of Dallas and the infidence of Danas and Dynasty has encouraged women to buy more expensive lingerie. The bra market has stabilised in the US and returned to growth in Kurope. The European market reached its nadir in 1985 but has since risen by 6 per cent to 178m

There is also a parallel trend There is also a parallel trend towards the sportier styles pio-neered by Calvin Klein, the New York fashion designer. Triumph's biggest selling bra in Europe is now a sports bra. This trend has been accompanied by the fashion for new products like the "all-in-one" body stocking or hody one" body stocking or body

shaper. The body stocking first became popular in Italy four or five years ago and has since been introduced throughont Western Europe. It has yet to take off in North America but the European market has doubled in size to 5m

units in the past two years. These trends are partly driven by fashion and partly by the advances in textile technology that have enabled manufacturers to make innovations.

One of the most important devalopments has been the increased use of elastane fibres. These fibres have been blended with cotton to produce func-tional, fitted fabrics for "Calvin Klein" sporty styles. Elastane is also used in stretch laces. Dn Pont, the US chemicals concern, is now investing \$200m to boost production of Lycra, its market leading elastane fibre.

Even lace, the most traditional

cated production plants of the US of lingerie fabrics, has been and Western Europe have main-tained a competitive advantage with the introduction of computer-controlled machinery. In the past year Courtaulds, the giant UK textiles group, has bought a series of lace businesses - cul-

minating in last month's \$49m acquisition of Liberty Fabrics, one of the largest lace makers in the US.

In the meantime, the under wear producers have benefited from developments in computer-aided-design and computerised cutting. The consequent improve-ment in productivity, combined with the trend towards more expensive lingerie, has helped to boost profitability.

As a result the producers are expanding. Triumph, which ven-tured into the US in the early 1980s, is diversifying into Canada. Mr Gfinther Spiesshofer, presi-dent, has also begun negotiations to move into the Soviet Union.

Warners, a subsidiary of War-naco, the US clothing group, intends to expand within Western Europe according to Mr C. Richard Sniveley, its chairman. It is increasing capacity at its pro-duction plant in Northern Ireland in order to strengthen its pres-

Mr Smilow says that Playter is concentrating on new product development through its licensing agreements with fashion houses like Cacharel in Europe and Gitano in the US.

However, the most influential player in the future may well be Wacoal, the Japanase giant which recently moved into the US. Wacoal's US market share is still comparatively small and it has not yet ventured into Europe but its competitors are far from complacent.

As Mr Spiesshofer of Triumph put it: "We taks the Japanese Very, very seriously indeed. They are dangerous by nature and, as Waccal expands internationally, we will all have to watch ott."

Barlier this year ENI and Montedison agreed to merge most of their chemicals operations into a new company, dubbed Enimont by the press, beginning next Jan-

The two companies had said earlier this summer that they planned to place between 15 and 20 per cent of Enimont with private investors.

The new company will rank seventh or eighth globally with an estimated L13,000bn in turnover and gross profit of L1,000bn after the first year.

Mr Warren Cooper, the Opposi-tion aviation spokesman, critic-ised the decision, saving prefer-Given the phrasing of the announcement, it is possible that the government is attempting to ence should have gone to BA.

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## INTERNATIONAL COMPANIES AND FINANCE

# CSX to focus on core interests after energy sale

By Roderick Oram in New York

energy assets as part of a move to sharpen its focus ou its core to snarpen its focus ou its core railroad and shipping busi-nesses. Shareholders will bene-fit through the company's pur-chase of np to 60m of its shares, representing about 38 per cent of CSX's common stack.

Shares rose \$3% to \$30% in hine railroads, barge, and riv New York trading yester- ocean traffic in a full service early New York trading yester-day. Wall Street saw the plan as positive as CSX's stock has purchas been trading well below its in 1966. book value of about \$32 a It is

The company, which oper-ates the third largest US rail-road and Sea-Land, a leading international container shipping line, will sell its natural gas transmission and natural gas liquids processing busi-

The transmission system is the sixth largest in the US but its value is not immediately

clear as it carries considerable "take-or-pay" liabilities and has not been performing par-

By Louise Kehoe in San Francisco

APPLE COMPUTER and Compaq Computer both launched high-performance

personal computers yesterday in an assault on IBM's strong-

hold in the corporate comput-

has recently beeu losing ground in the personal com-

puter market, announced the

appointment of a new execu-tive to head its personal systems operations.

Mr Richard T. Gerstner, who was formerly in charge of

IBM's Asia/Pacific Group based

in Tokyo, has been made gen-

eral manager of the operations. Apple's offering, the Macin-tosh IIx, extends the perfor-

Simultaneously, IBM, which

ing market.

**Apple and Compaq** 

reveal new models

CSX IS to sell its remaining revenues of \$867m. energy assets as part of a move In April, CSX sold its oil and gas exploration development and production assets to Total, the French energy group, for \$612m. It diversified into energy in 1983 with the \$1.1bn pnrchass of Texas Gas Resources CSX is attempting to com-

for customers. To that end, it purchased Sea-Land for \$804m

It is also bargaining inten-sively with its unions to win cost-saving changes in railroad labour practices. After an earlier attempt failed, it took a \$778m write-off in this year's second quarter, mostly to pay for cuts of 8,200 of nearly 40,000 railroad jobs. CSX also announced yester-

day it would seek to "monetise the values inherent" in its

resort properties. The company generated operating earnings of \$15m on revenues of \$102m last year ticularly well. Last year, the system had operating profits of \$98m on ia country hotel.

faster 32-bit Motorola micropro-

will range from \$7,769 to \$9,369.

Compaq's offering similarly extends both performance and

compatibility. The Deskpro 386/20e is based on Intel's fast-

cessor, the Motorola 68030.



diversified US cigarette pro-ducer, has vigorously dispelled speculation that it might seek speculation that it might seek to buy Liggett Group, its com-petitor at the lower end of the US tobacco industry. Stock in Liggett, a small North Carolina producer once owned by Grand Metropolitan of the UK, tumbled 10 per cent

Ambrands

denies

of the UK, tunnieu to bet can in early trading yesterday morning in response to a con-temptuous weekend denial of interest by Mr William Alley, Ambrands' chairman.

Ambrands' chairman. But Wall Street analysts say the shrinking US tobacco mar-ket, which is declining at about 2 per cent a year, could still force a shake-out among the weaker producers, such as Liggett and Ambrands. Ambrands has already Ambrands has already fought off oue takeover bid

fought off oue takeover bid this year by taking over the bidding company - the E-II industrial group - in a so-called "Pac-Man" defence. The latest speculation was set off by Mr Bennett LeBow, a

New York investor who bought Liggett from GrandMet and is the company's largest shareholder. Backed by Drexel Burnham Lambert, the Wall Street investment firm, hs

announced late on Thursday that he might seek to buy more than half of Ambrands. Liggett is the weakest of the six US producers, with \$531m mercilessly recently. In the 1960s, US companies had one third of the Western

in sales and 3 per cent of the market. Ambrands is the next smallest with a 7 per ceut share and sales of \$9.150m.

Talks about combining the

two tobacco operations broke down in the summer and An important feature of the Macintosh IIx is its ability to Ambrands says the new approach by Mr LeBow is designed to intimidate it into read and write data in IBM-and Apple II-compatible for-mats. This will make it easier buying the Liggett business to exchange information between different types of per-sonal computers, which is parthrou gh a Pac-Man defence, Mr Alley said: "I'm not even sure I would take Liggett if they gave it to us." ticularly attractive to large corporate computer users. Prices for the Macintosh IIx

department store in London. Mr Alley also lashed out at Drexel Burnham, which was accused earlier this month of a ingdale's along with other Fed-erated Department Stores divi-sions for US\$6.64hn in April host of violations of securities law by the Securities and after a bitter 10-week takeover Exchange Commission. "I think Drexel has enough battle.

est 386 microprocessor, provid-ing high-speed computing. The system, which can be Buoyant orders conceal underlying problems in the industry, writes Nick Garnett TS machine tool manuworld's machine tool market. facturers exhibiting at the International Show

in Chicago recently were in chirpy mood. An 82 per cent rise in new

orders for US-made machine tools in the first seven months of this year, against the same period last year, has pulled in about \$2.06bn. Orders last year fell 23 per cent, following a decline of 12 per cent in 1986 order intake.

Mr Jim Gray, president of the US National Machine Tool the US Narional machine four Builders Association, says: "Any way you look at it, this year has been a turnround time for the US machine tool. industry. American manufac-turing is undergoing a long-available accounty" awaited recovery.

However, in spite of the optimism, more deep-seated char-acteristics are affecting the industry. They could weaken further its position after many years of decline.

The ownership structure is still in turmoil, Japaness machine tool builders are set-ting up plants in the US at an increasing rate and finance groups using leveraged buy-outs have created two mini-machine tool empires. In addition, there remains the problem of poor investment and weak financial performance of some

of the larger groups. On the face of it, though, something good seems to be happening to an industrial sector that has been punished

By David Owen in Toronto

CAMPEAU, the fast-growing

Canadian property and retail-ing group controlled by the

flamboyant French-Canadian

Mr Robert Campeau, has

received an offer from an unnamed British group to

establish a Bloomingdale's

Campeau acquired Bloom-

Now it has a miserly 8 per

A surge from the end of the 1970s of Japanese imports of computer-controlled lathes and machining centres, a strong dollar, the recession of the early 1980s and a disastrous record of investment have all conspired to kill off more than a third of the leading US equip-ment makers during the last 10

years. This year's improved perfor-mance has come as a huge relief.

relief. Warner & Swasey, part of the Cross and Trecker Group, is doing strong business with its new US-made Titan lathe. Cincinnati Milacron, one of America's biggest machine tool companies which took a \$79m loss last year largely because of restructuring costs, is now back in the black. It reported \$14.7m profits for the first half \$14.7m profits for the first half

effect. For example, Wiedef this year. Ingersoll and the Lamb divimann and Strippit, two metal-forming equipment makers, sion of Litton Industries, two big suppliers of special transfer line equipment for the automoare among several companies drastically reducing the importive industry, have large order in the US.

backlogs. Hardinge, a maker of high-precision lathes with sales last year of \$88m, has been selling machines as fast as it can make them. Part of the reason for the

**Campeau gets UK store offer** 

In Montreal at a meeting of the Canadian Chamber of Com-

merce, Mr Campeau said the

British group had offered to

pay all costs but would allow Campean to retain majority

ownership of the outlet. Campean plans to double Bloomingdale's sales within

the next six years, partly by opening new stores in Calif-ornia, Florida, the US Midwest

Mr Campean, whose compa-nies have amassed a mountain

of debt as a result of his two

US stores acquisitions, took advantage of the occasion to

endorse the still unratified US-

Canada free trade agreement

and Canada,

upturn is a reinvestment pro-gramme by US manufacturing industry, particularly the vehicle makers. Some of it is also related to voluntary restraint agreements (VRAs) fixed in January 1987. Largely

Metal working machine tools World production 1987 (\$ bn)

US machine tool makers face uphill grind

US 24 Europe 12.8



Source: Netli

deficit.

Japan 6.2

Associations and Euro

To an extent the Japanese are giving back to the US part of the machine tool industry they did so much to wreck. But these "transplants" could have a serious impact on domestic huilders. There has also been a great deal of reshuffling in the indus-

try's ownership structure. After surviving the reces-sion, many of the bigger US groups have pulled out of the

already completed their plans.

business. Since the start of 1986, Tex-tron has sold its Bridgeport and Ex-Cell-O business to man-agement. Ex-Cell-O operations in the US have subsequently closed, with manufacturing aimed at Japanese and other concentrated in West Ger-many. White Consolidated has Far Eastern producers, the agreements were designed to cut imports to 1981 levels for certain machines. disposed of it husinesses and the DeVlieg family has sold its VRAs and the impact of the yen are continuing to have an

fig mill concern. wo finance groups in the north east, run by men with no machine tool background, have pulled off large leveraged buyouts and put together two large group-ings of machine tool names. One investment group has

tation of machines from Japan which they once rebadged with their own names. These machines are now being made pieced together a mini-empire including Bryant, a grinding machine company purchased from Ex-Cell-O. Fellows Gear Shaper, purchased from Emhardi, and Jones and Lamp In spite of all this, however, the US machine tool industry remains unsettled. son, a turning machine pro-ducer which was owned by

remains insertied. Six Japanese machine tool makers – Hitachi Seiki, Toy-oda, Okuma, Yamasaki, Mak-ino and Amada – have either announced plans in the past 18 months to expand their produc-tion foodlities in the DS of Textron. The other group, Stanwich Pariners, an investment banking firm in Stamford, Connecti-cut, has bought Universal Engineering from Hondaille tion facilities in the US or build new onss. Some have

fuctuating demand cycles. Fundamental problems within the industry include imports into the US which 15 years ago totalled only 10 per cent of consumption. But they have been rising and for the first six months of this year were about 55 per cent. Last year's US trade deficit in machine tools was \$1.40n. In addition, many US build-In addition, many US build-ers have made little money in ers have made little money in recent years. Cross and Trecker, one of the biggest US machine tool companies with total sales of \$420m last year, made a \$24m loss in 1987 and will report next month another

will report next month another loss of between \$10m and \$12m. Few US companies are investing in new plauts or introducing new computer-con-trolled products. Yamasaki's \$5m technical centre, which has just opened near Chicago, is larger than any installed by a US machine tool builder. Finally the Japanese, West Germans and other European producers are mounting new

Industries and three former

Mr Laurance DeFrance, pres-

Mr Laurence Derrance, pres-ident of Stanwich's industrial operations, believes these are "good value" investments. But many managers say leveraged buyouts are unsuitable for an industry that useds regular investment to survive wildly fluctuating demand cycles. Envelopmental problems

White Consolidated busine

producers are mounting new export drives in the US for machine types not covered by voluntary restraint. This thrust covers, among other equipment, grinding machines and special purpose machines for the automotive industry.

### Shareholder group seeks to raise stake in AMI

and to lecture Mr Brian Mulro-ney, the Canadian Prime Min-ister, on the necessity of cut-MR RICHARD Rainwater, part-of a shareholder group includ-ing the Fort Worth-based The waiting period for clearting the Canadian budget Investment Limited Partnership, has filed with federal antitrust regulators for clear-Federated and Allied have had their problems in recent months, reporting combined ance to buy up to 14.9 per cent of American Medical Internamonths, reporting combined second-quarter losses of US\$207m in what Mr Campeau described as "difficult" retail-ing conditions. However, Mr Campeau fore-sees a significant upturn in both divisions' sales this automa or macromet will be tional's common stock, Renter reports. The shareholder group now holds 5,396,409 common shares

in the US hospital management company, or 7.3 per cent of the total outstanding. In a filing with the Securities

and Exchange Commission, Mr Rainwater said he applied for the clearance on September 16 tract management services.

.

ance is set to expire on October 13 unless regulators grant

13 unless regulators grant early termination. The group told the SEC it had no plans to seek control of AMI. Along with other princi-pal AMI shareholders, it sought the resignation of Mr W. Weisman as AMI chairman.

Mr Weisman resigned on August 30. AMI operates a chain of 107

acute care hospitals in some 16 states and several foreign countries. It also provides con-

531 30.8

The purchase came little more than a year after the problems of its own and has no business interfering with the business of American Brands," he said. Toronto-based company bought Allied Stores, another leading US retailing chain.

mance of earlier Macintosh switched to slower speeds, will computers with the use of a cost between \$5,199 and \$7,999. We've got news

# for Europe that's too big to keep under our hat.

Chiquita Brands Ltd, the world's leading fresh fruit company and purveyors of Chiquita bananas, has acquired a strategic equity interest in Pascual Hermanos, S.A.

Pascual Hermanos is Spain's biggest exporter of citrus products, and the move further strengthens Chiquita as the leading marketer of fresh fruit throughout Europe.

Pascual Hermanos has subsidiaries in twelve European countries, including West Germany, the United Kingdom, Belgium and France.

The link with Chiquita Brands is also expected to help Pascual Hermanos promote its exports to the North American market, as well as to the Middle East and Far East. The fit is ideal in other

ways, too.

Chiquita's fresh fruit products – pineapples, grapefruits, melons and especially world famous Chiquita bananas - complement perfectly Pascual Hermanos' range of fresh produce, which is comprised mainly of citrus and a variety of fresh vegetables.



**JHIJEIDO** SHISEIDO COMPANY, LIMITED through Shiseido International Corporation has purchased all of the outstanding common stock of

autumn as management will be able to devote more attention

to merchandising, following

the completion of sweeping

reorganisations.

### **7** ZOTOS INTERNATIONAL, INC.

September 1988

a wholly owned subsidiary of

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The undersigned initiated this transaction and acted as financial advisor to SHISEIDO CO., LTD.

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FINANCIAL TIMES

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# JPMorgan

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### ALUMINIUM

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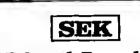
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Floating Rate Notes due March 1992 For the six months 16th September, 1988 to 16th March, 1989 the Notes will carry an interest rate of 10% per annum with a coupon amount of U.S. \$502.78 per U.S. \$10,000 Note, payable on 16th March, 1989. Bankers Trust Company, London Agent Bank

the government with paims outstretched for what amounts to a capital injection. The series of events has State oil company, faces a critical test this autumn when its future is debated in raised broad questions about Statoil's competence to handle complex technological projects the Norwegian parliament, where proposals have already been raised that range from

. .. .

tatoil, the Norwegian

The troubles began with a cost overrun of colossal propor-

tions on the expansion and upgrading of Statol's Mongs-tad refinery and the company's subsequent handling of the

affair. The overrun of NKr6.6bn (\$552m) amounted to

about \$225 for everyone in the country and exceeded Statoil's entire equity capital by 27 per

The project is unlikely ever to show a profit and the entire top management of the com-pany was swept out to be replaced by a set of new

Statoil reported a loss of

NKrL5bn for 1987 and between weak oil prices and continued writedowns for the Mongstad project the outlook is dismal for the next few years. Now

Statoil is gently approaching

company.

cent

brooms.

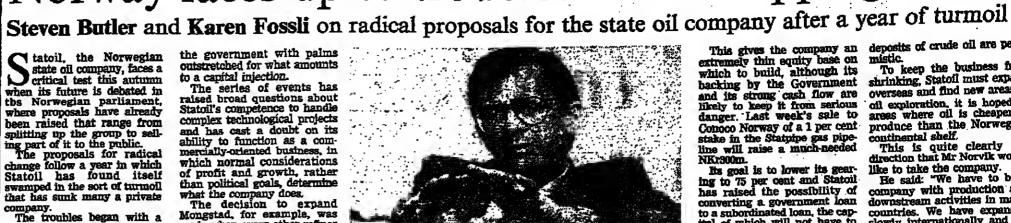
and has cast a doubt on its ability to function as a com-mercially-oriented business, in splitting up the group to sell-ing part of it to the public. The proposals for radical change follow a year in which Statoil has found itself which normal considerations of profit and growth, rather than political goals, determine swamped in the sort of turmoil what the company does. The decision to expand that has sunk many a private

Mongstad, for example, was made when every other refiner in Europe was seeking ways to reduce capacity and to cut OSSES.

Norway has discovered over the past year that oil is a high-risk business, not only because oil prices fluctnate wildly but because management makes a critical difference in the ability of a company to function effectively in radically changing economic environments. It is a question to which Mr

Harald Norvik, Statull's new president, appointed in Jann-ary, has given considerable thought. Mr Norvik cams to Statoil after seven years as a senior executive of Aker, the industrial group, and before that he was in politics, serving as personal secretary to a Labour Prime Minister and as State Secretary for Oil and

Energy. One of his first acts at Statoil was to institute a sweeping that the state miked heavily to reorganisation of the company pay for government expendi-into three divisions, explora-tion and production, marketing the company, with critical



INTERNATIONAL COMPANIES AND FINANCE

Norway faces up to troubled waters lapping Statoil

Harald Norvik: rethinking Statoil's international strategy

management policies - such as whether Statoll could bor-row overseas, expand interna-tionally or hold hig portions of Norway's oil exploration licences - changing when a new government took power. Acquisitions, by custom if not by law wore annovaed by vote and refining, and petrochemi-By grouping activities in this fashion it is possible to relate capital expense directly to income. Previously, for exam-ple, Statoli operated a projects division that spent money on all parts of the business but was not specifically tied to profits in them. Beyond these relatively straightforward changes, how-ever, Statoll's capital and own-

by law, were approved by vote in parliament after debate. This year, however, the milk ran dry and it is ever more clear that Statod cannot continue to contribute such a high proportion of its net earnings - 76 per cent in 1986 - to the state by way of dividend payments.

Statoil's gearing, the ratio of gross debt to total capital, stood at 88 per cent at the lat-est reading. This is down from 93 per cent at the end of 1967 however, Statol's oil produc-tion will start to decline quickly - the latest governbut is likely to rise by the end of the year when the company makes further provisions for the Mongstad refinery.

**Ahold lifts** 

earnings

by 12.**1**%

period last year, but noted that the consolidation of US store chain First National Super-

markets (FNS) from January 29 had flattered the 1988

The company maintained its interim dividend at 50 cents or

This gives the company an deposits of crude oil are pessi-extremely thin equity base on mistic. Which to build, although its To keep the business from To keep the business from shrinking, Statoil must expand backing by the Government and its strong cash flow are likely to keep it from serious danger. Last week's sale to Conoco Norway of a 1 per cent stake in the Statutpe gas pipe-line will raise a much-needed NKr300m.

This, however, can only be done if the Government

decides that Statoil is worth

backing as a growth venture. One alternative might be to dump Stated on to the Norwe-

gian capital markets. The prob-

cent of Norway's gross national product.

areas where oil is cheaper to produce than the Norwegian continental shelf. Its goal is to lower its gear-ing to 75 per cent and Statoil has raised the possibility of

وجوار والمحترق المراجر وكرابيك سكارك والم

FINANCIAL TIMES TUESDAY SEPTEMBER 20 1988

continental shelf. This is quite clearly the direction that Mr Norvik would like to take the company. He said: "We have to be a company with production and downstream activities in many countries. We have expanded slowly internationally and for the time being we are not erranding at all but this is not converting a government loan to a subordinated loan, the cap-ital of which will not have to be repaid, thus allowing for it be accounted as equity. expanding at all but this is not because we are not going to be a more internationally-oriented company. We have to rethink ths international strategy

overseas and find new areas of

oil exploration, it is hoped in

7

before we go further." Before that can be accom-plished effectively. Mr Norvik wants to establish a different sort of relationship with its hem is that it would overwhelm them. Last year Statoil accounted for more than 10 per owners, one that has greater resemblance to relationships between companies and share-

Partial privatisation is an obvious alternative but even this woold presuppose that a new concensus had been reached on Statoil's broad holders in the private sector. It is a difficult political argument: that a company that has ment: that a company that has erred badly needs more finan-cial support and autonomy. Yet it is probably the only sen-sible route if Statoll is to gear up to compete on a level field internationally. Mr Norvik said: "It would be strange to me if we in Norway concluded that it is impossible for the state to be a good direction of development. Statoil was established by an school was estantished by an act of parliament in 1972 and charged with developing Nor-way's energy resources. From the middle of the next decade,

for the state to be a good owner. The problem is conment projections on the pros- nected more with pects of finding large new state acts as owner." nected more with how the

# Oslo moves to save Sunnmoersbanken

### By Karen Fossil In Oslo

NORWAY'S Central Bank and Norway's commercial banks the Guarantee Fund of the Commercial Banks yesterday intervened as lenders of last resort to Summoershanken, a medium-sized Norwegian bank, which after two failed rescue

sttempts is expected this year to become insolvent. The Banking, Securities, Insurance and Exchange Commission began meetings yester-day to make recommendations on the composition of a new board for the bank. The board is to be appointed by the shareholders, the Minis-

try of Finance and the bank's employees and its mandate will be to decide effective liquidation of the bank if a buyer can-not be secured. It is likely to comprise representatives from the Central Bank, the Guaran-

tee Fund and members of Norway's banking community.

By Our Financial Staff AHOLD, the largest Dutch supermarket chain, has reported a 12.1 per cent rise in second-quarter net profits and said it expected its 1988 net profit to be slightly higher than the F1 181.2m (\$62m) it earned in 1987. experienced record losses of NKr3bn and it has been forecast that losses this year could be even greater. According to a joint state-ment issued by the Central Bank and the commission, the Board of the Guarantee Fund earned in 1987. Abold said that second-quar-ter net profits were Fl 30.1m, up from Fl 26.9m in the same

is "to provide a guarantee for Sunnmoersbanken's liabilities visavis depositors and other creditors." It added that the Central Bank will furnish Sunnmoersbanken with the necessary liquidity support. Earlier this year, Moere

Bank, a medium-sized savings bank, made a conditional offer to buy Summoersbanken for NKr140 per share but the deal floundered. Last week Christiania Bank.

5 US cents. Ahold said its improved Norway's second-largest bank, appointed a team of analysts to lecide if there could be scope

profit was mainly because of better operating results and a lower tax burden. Financing

figures.

**Pillsbury sell-off** 

### By Our Financial Staff

PILLSBURY, the US foods group which includes the Bur-ger King restaurants, is selling its 580-strong Godfather's Pizze chain to a buyout group led by management for undisclosed terms

It had announced that it was. seeking to sell the restaurants, which it bought three years ago for about \$400m, in March and at that time it had warned that the sale of Godfather's. would generate net charges of \$141m in the third quarter:

The group in the year to May 31 saw net earnings fall to \$69m or 81 cents a share from \$182m or \$2.10 the previous year. This month, Mr Philip Smith, the company's new chairman and president, said that he expected first quarter results to be "virtually flat on an operating basis". Mr Smith, the former chief executive of General Foods, had been appointed earlier this year to end months of manage-ment turmoil at Pillsbury

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under increasing scrutiny. The underlying question is whether the Government will give Stat-all the support and allow it the freedom to operate independently. In past years, Statuil was a highly productive cash cow that the state milked heavily to

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Dated: September 14, 1988

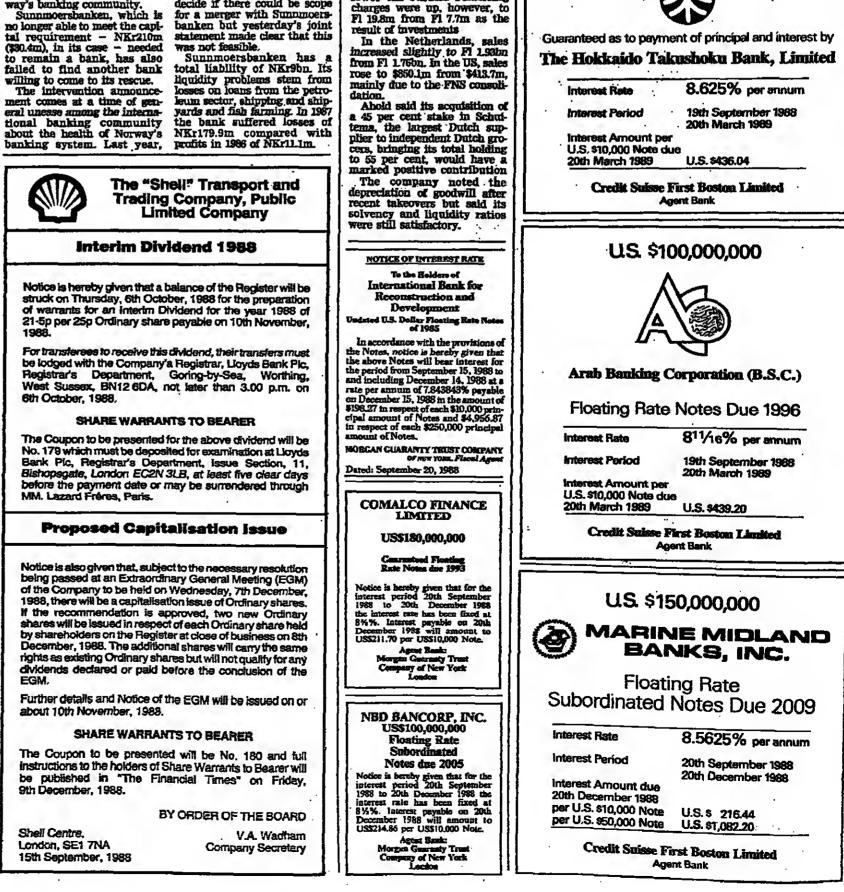
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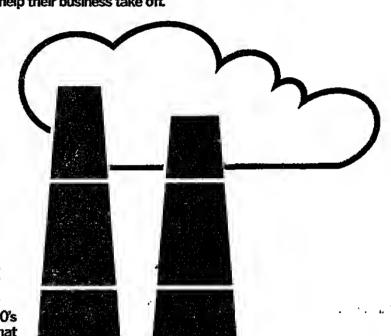
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# INTERNATIONAL COMPANIES AND FINANCE

and the second second

## N Flinders launches A\$265m bids co-ordinate

### By Bruce Jacques in Sydney

ADELAIDE-BASED North Flinders Mines has started what could be one of the Australian gold industry's most complex corporate battles by leunching simultaneous bids worth ebout A\$265m (US\$211.3m) for two other gold miners.

As the bullion price slipped yesterdey to its lowest level since early 1987, North Flin-ders announced a A\$162m share-swap offer for Paringa Mining and Exploration and e The company also already owns 55 per cent of ADL, and can thus determine the success A\$106m cash offer for Austra-

han Development (ADL). The bids put the group at odds with Poseidon and Hartogen Energy, two other resources groups which are Resources affiliate last week taking the unusual step of virtnally hidding for its parent. It announced a A\$137m deal to is clearly doing so to evoid being swallowed into the Harbuy the controlling 54 per cent stake held in Paringa by Aus-

Judge, deposed Ariadne chair-

In what amounted to e

said it will take no ection in

the Ariadne saga. This has so far seen almost 40 per cent of

man

FAI quits Ariadne board

as Judge stake part-paid

tralian Gas Light Company, itself a major shareholder in Hartogen. Because Paringa is formally UK-domiciled, the purchase does not require the Hartogen

Flinders' managing director, confirmed as much yesterday when he revealed his company had just rejected a Hartogen-Genoa proposal to appoint four directors to its board. He said Genoa had only paid a deposit of A\$13m for the Paringa stake group to make e full hid for the company et an equivalent price, which would amount to about A\$3.12 a share. Poseidon had earlier launched its own full hid for Paringa at A\$1.68 cash a share. and Genoa shareholders were

yet to approve the deal. "There remains considerable legal doubt as to the validity of the sale of the Paringa shares and the transaction between Genoa and Hartogen," he said. North Flinders plans to offer of North Flinders' proposed hid for the company. To deepen the intrigue further, Paringa two of its shares for every Ast night's close of just under Ast for the bidder's scrip, this owns 49 per cent of North Flin-ders, which in turn owns 10 per cent of Paringa. This means North Flinders is valnes Paringa at A\$1.97 a share.

North Flinders has also announced a A\$160m rights issue to help fund the proposed

By Chris Sherwell in Melbourne

Australian manufacturing and distribution multinational, yes-

terday reported a fifth succes-

Fifth record year

for Pacific Dunlop

PACIFIC DUNLOP, the down shows improvements Australian manufacturing and ecross all divisions except

togen-Genoa group. Mr Geoff Stewart, North issue 124m shares and the same number of attached same number of attached options in the ratio of two-for-three. The shares will be issned at A\$5.50 and the options at A\$1 each. The ADL bid is A\$2.75 cash a share com-pared with last night's market close of A\$2.40. Mr Robert de Crespigny,

Poseidon managing director, last night indicated an open attitude to North Flinders' moves, describing them as a logical rationalisation. He scribed the offers as "fair, but not excellent" and said his board would decide on accep-tance in about a week. But he said Poseidon was e huyer rather than a seller of assets, as demonstrated by its recent takeover of Anglo American Pacific, local arm of the South African-based Angio American mining house.

tyres, although that too was

better than expected. In later products, where the group's Ansell International leads the world in the manu-

facture, marketing and distri-bution of condoms and rubber

gloves, earnings before interest

and tax increased by a third to

A\$57m. Largely because of the worldwide AIDS scare, all

plants were operating at full

The biggest transformation

in performance came in the

batteries division, where last October'e ecquisition of the GNB battery business in the US has made Pacific Dunlop a world leader. Earnings rose to

A\$55m from just A\$1m a year

earlier. Three other divisions - con-

sumer goods, electrical prod-ucts and industrial products -

all showed healthy increases, but the tyre side reported prof-

its of A\$33m, down from A\$40m, on sales which were 11.6 per cent weaker at

An extraordinary write-off of A\$228.2m was made, springing

chiefly from payments for goodwill, trademarks and patents following the acquisi-tions of GNB and the clothing

group Bonds Coats Patons. In 1986-87, A\$38.2m was charged.

Directors also reported e sharp rise in the group's gear-

ing ratio (net interest-bearing borrowings to shareholders'

finds) to 29.3 per cent, up from 8.5 per cent. But they said the present level was lower than in

For the three month interest

81/3 per annum. The Interest payable on the relevant Interest

per U.S. \$500,000 note.

Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft

Japanese Ven 19,000,000,000 Floating Rate Notes due 1995

For the six months 19th September 1988 to 21st March 1989

The Industrial Bank of Jupan, Limited

Agent Bank

the previous two years.

A\$491m.

## Acer to float NT\$1.06bn shares

### By John Elliott in Taipel

ACER. Taiwan's largest computer company and one of the five biggest suppliers of personal computers in the US, is to issue its first public offering of shares in November with a NT\$1.06bn (US\$35.6m) flotation.

The issue comes at a time when the Talpei stock market is buoyant.

The chares being offered, priced at NT\$47, are currently held by Mr Stan Shih, the founder chairman, and several hundred employees, whose 70 per cent holding in the com-pany is coming down to 60 per cent.

The other 30 per cent is owned by international insti-tutions including Chase Mauhattan, Citicorp, Prudential Insurance of America, Ham-brecht & Quist, and Sumitomo Corporation, which together injected US\$16m at the end of last year.

The new funds are being used to finance e rapid expansion of the 12-year-old com-pany which sims to boost sales from last year's total of US\$331.2m to \$550m this year, \$1bn by 1990, and \$3bn by

Isso. Last year Acer, which was formely known as Multitech, produced 260,000 personal computer units, plus other computer products, and is alm-

ing for 450,000 this year. It is the largest of Taiwan's total of about 300 personal computer companies with 13 per cent of the domestic mar-ket measured in terms of units.

About 85 per cent of production is exported. Of these overseas sales, some 40 per cent are to major international companies such as Siemens. Fuiltsu, Canon and Philips for selling under their own brand names.

Acer'e gronp assets total US\$267.28m and there are 4,400 employees. Group earnings for the first

thalf of 1988 are estimated et \$12.06m before tax, 144 per cent up on the same period last year, with consolidated sales of \$237.6m. The flotation is being

The flotation is being planned at e time when Taipel's volatile stock market has been rising rapidly, despite some recent setbacks. Its 144 listed companies and 29.9bn shares with e total market value of NT\$4bn are not enough to absorb surplus cash from Taiwan'e booming economy, and the government wants to encourage flotations to provide the market with greater depth.

KANSALLIS-OSAKE-PANERI

¥

NV. Koninklijke Nederlandsche Petroleum Maatschappij (Royal Dutch) Established at The Hague, The Netherlands

### Interim dividend 1988

The Supervisory Board end the Board of Menagement of Royal Dutch Petroleum Company have decided to pay en in-tarim dividend in respect of the financial year 1988 of N.fl. 6.00 per ordinary share with e par value of N.fl. 10.

In the case of holders of bearer certificates with coupons this interim dividend will be payable against surrender of coupon No. 184 on or after 27th September, 1988, et the offices of:

N.M. Rothschild & Sons Limited, New Court, St. Swithin's Lane, London EC4P 4DU

on business days between the hours of 9.30 a.m. and 2 p.m.

Payment will be made in sterling at the buying rate of exchange current in London et 2 p.m. on 20th September, 1988, in the case of coupons presented on or before that dete, or on the day of presentation in the case of coupons presented subsequently. Coupons must be accompanied by e presentation form, copies of which can be obtained from N.M. Rothschild & Sons Limited.

In the case of shares of which the dividend sheets were, et the close of business on 16th September, 1988, in custody of a Depositary admitted by Centrum voor Fondsenadministratie B.V. Amsterdam, this interim dividend will be paid to such Depositary on 27th September, 1988. Such payment will be made through the medium of N.M. Rothschild & Sons Limited, after receipt by them of a duly completed CF Dividend Cleim Form.

Where under the double tax agreement between the United Kingdom end the Netherlands, 15 per cent Netherlands dividend tax has been withheld, the 15 per cent Netherlands tax is ellowable for e resident of the United Kingdom as a credit against the United Kingdom income tax payable in respect of the dividend. The deduction of United Kingdom income tax at the reduced rate of 10 per cent instead of at the Basic Rate of 25 per cent represents a provisional allowance of credit at the rate of 15 per cent.

Where appropriate, the usual affidavit certifying non-residence in the United Kingdom will also be required if payment is to be made without deduction of United Kingdom income tax et the basic rate.

The Haque, 15th September, 1988. THE BOARD OF MANAGEMENT

an and the second se

share deal controls By John Wicks in Zurich

Swiss to

SWISS stock markets are planning a number of co-ordinated measures aimed et improving information ebout trading flows. According to the Association of Swiss Stock Exchanges, the plan includes the standardised

introduction of e 30-minute suspension in trading in the case of price fluctuations of 10 when it comes to what the association describes as special situations, this rule may be adapted to raise the fluctuation limit to 20 per cent, plus a cor-responding extension of the suspension period to one hour.

Among other improvements proposed are better terminal information on trading suspensions and a co-ordination of the stock exchanges' trading hours and the order in which stocks are traded. The Zurich, Basie and Geneve stock exchanges have said they will extend their trading hours from early Nonember November.

The association calls for e concentration of efforts ahead of the creation of e single European Community market by 1992, a move which the Swiss see as spurring further the trend to deregulation of Europe's bourses. This will involve the expan-

sion of the management and administration of the association, while the individual stock exchanges will remain inde-pendent entities. The association, to which the three leading exchanges of Zur-ich, Geneva and Basie belong, intends to start publishing the

daily volume of transactions in each share in a move intended to improve stock market transparency. This could be in force by the first quarter of 1989.

tered partly by the cantons and partly by private bodies of

Development work on a computer-aided trading system is under way but is taking longer to realise than had originally the Ariadne board. the Netional Companies and Securities Commission, Austra-lia's corporate watchdog, has been expected. Swiss bourses are adminis-

By Our Sydney Correspondent MR LARBY Adler's FAI the company's shares change Insurances hes confirmed hands at prices of 50 cents or receipt of a A\$30m (US\$23.9m) better while the market price part payment for the 19.9 per has been between 17 cents and 21 cents e share. The commis-sion warned that it would cent interest in Arladne Australia, e casualty of the Octo-ber crash, which it has agreed closely monitor any asset sales to sell to Magenta Holdings, the new vehicle of Mr Bruce or further board moves.

Magenta is 25 per cent owned by Mr Judge and has already paid a non-refundable cash deposit of A\$4.7m to FAI

reshuffling of earlier arrange-ments, Mr Adler said the rest of the A\$50m installment from made no decision yet on pro-posed asset sales. EIE Develop-Magenta, all of which was originally due by today, would be paid within 30 days and would ment, a Japanese property group, is seeking to huy Ariadne's leisure resort at carry interest et an annual rate of 12 per cent. The FAI statement also confirmed that Mr Bruce Corlett, the chairman of Ariadne, and two other FAI representatives,

Sir William Keays and Mr Rodney Adler, would resign from motive parts division. Following these resignations

Sec. 19. 19. 19.

investment company which

Sanctuary Cove in Queensland, for which the Suntory drinks group is also said to be a possi-ble bidder. Pacific Dunlop, the Melbourne company, is inter-ested in Arladne's Repco auto-Repco and the Sanctuary

Cove site are two of the main operating units which have been retained by Ariadne, an

cent increases on an ever-larger base of operations. Two hopes for the future are the Switch car battery, with its novel back-up source of power was forced to make large-scale write-offs after the crash. if the main battery goes fla and the newly acquired Nucleus group, which makes heart pacemakers and bionic

Extracts from the Chairman's Statements



BLYVOORUTTZICHT GOLD MINING COMPANY, LIMITED HARMONY GOLD MINING COMPANY LIMITED

### sive year of record revenues and earnings. The group, known as much for its condoms and car batteries as its tyres and tennis racquets, announced e 32.4 per cent gain in after-tax profits for the year to June, to A\$185.9m (US\$148.2m). Sales for its Ariadne stake. Mr Rodney Adler said yester-day the Ariadne board had were np 36.4 per cent to A\$3.600 Directors declared a final dividend of 7.5 cents for a total of 14.5 cents, up by 1 cent on increased capital. Asked about the outlook for

the current year, Mr Philip Brass, managing director since January, said ebove-average earnings rises would be sus-tained. But he quoted his pre-decessor. Mr John Gough, in acknowledging the difficulty of maintaining "ambitious" 30 per

RAND MINES (Both companies incorporated in the Republic of South Africa)

"I sincerely hope that neither the Contmittees nor the unions will hinder the industry in making full use of its manpower resources in filling the many vacancies which exist in the skilled ranks."

Gold prices were steady in most major currencies during the year. Strong physical demand from Japan, as well as Tarwan and other Far Eastern countries, was the main support for the gold price amid very significant and active gold loan business which increased supplies to the market.

The economies of the world's leading nations continue to experience strong growth and the probability of the workd's isaking habits common to experience strong grown and the probability of an immunon recession, strongly suggested in certain quarters after the October 1987 stock market crash, is duminishing. Inflation is rising but not fast enough to arouse any great enthusiasm for gold. The U.S. dollar has strengthened of late in line with increased interest rates, militating against the holding of gold or equity-type investments. The short-term prospects for gold cartainly look muted but the re-emergence of higher inflation. increased economic uncertainty, financial market instability and foreign exchange market volability will once more focus on gold's role as e store of value and e form of usurance against cross and uncertainty. form of insurance against crises and uncertainty.

South Africa is experiencing a high rate of inflation and a drop in the value of its currency. The rand has weakened considerably in the past lew months and is likely to continue its downward path in the foreseeable future, with rising interest rates providing the brake on the speed of decline.

Existing U.S. protectionist legislation coupled with the effects of economic sanctions

### Blyvooruitzicht Gold Mining Company, Limited

	Year ended 30 June		%	
	1988	1987	Change	
OPERATING RESULTS				
Tons milled	2 255 000	2 254 000	- 0,4	
Gold produced - kilograms	11 218	12519	-10,4	
Yield – grams per lon milled	4,98	5,53	- 9,8	
Working expenditure - per ton milled	R113,51	R97.67	+ 16,2	
Working expenditure – per kilogram sold	<b>B</b> 22 817	R17 663	+29,2	
GOLD PRICE RECEIVED				
Per kilogram	<b>R</b> 30 709	R29 221	+ 5,1	
FRANCIAL RESULTS	12000's	R000's		
Working revenue	344 486	365 821	- 5,8	
Working expenditure	255 964	231 122	+15,8	
Working profit	88 S22	144 699	-38,8	
Taxabon	38 483	78 381	-50,9	
Profit before appropriations	54 400	67 324	-19,2	
Appropriations for net expenditure on mining assets	20 102	19 51e	+ 3.0	
Earnings - cents per share	143	199	-28,1	
Dividends - cents per share	150	205	-28.6	

### Outlook

For the coming year the tonnage treated will remain at the present level but grade will decline in line with the increased mining of the lower grade Main Reef Capital expenditure is estimated at R21,2 million and will be incurred principally on Main Reef development and exploration, rapid yielding hydraulic props and accessories, and resting the two shaft pumps and settlers at A3 shaft.

As e result of the drop in grade, I expect the dividend to decrease to approxim cents per share for the financial year provided an average gold price of R34 000 per kologram is realised. telv 100

inst South Africa, could result in e fall of about 13 per cent in Harmony's sales tormage in 1989. Due to the lower sales volumes predicted and the mine's position as a high cost producer, the continued operation of its remaining trantum code plant is being investigated.

### instrial relations

The 1887 wage negotiations between the Chamber of Mines and the Netional Union of Mineworkers ended in dispute and triggered a three-week strike by a large proportion of the industry's work-force. It was gratifying that the enormous effort put into forging sound industrial relations at the mines over the past few years by both management and workers bore fruit as production was completely unaffected.

bore fruit as production was completely unaffected. The removal of the last remnant of statutory job reservation contained in the Mines and Works Act (the "scheduled person" definition) has been pursued for several years. This inhibiting legislation, which prevented blacks from holding certain certificates of competency, has very recently been amended. The new regulations call for the establishment of Advisory Committees to examine and report on training needs and minimum educational qualifications for certain certificates of competency. In activition, changes in work practices are being negotiated with the white trade unions. I sincerely hope that neither the Committees not the unions will harder the industry in making full use of its manpower resources in filling the many vacancies which exist in the skilled ranks.

These and ad the loss

Harmony	Gold Minin	g Company	Limited
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	Tear anded 30 June		%
	1988	1987	Change
OPERATING RESULTS			
Ore milled - tons	9157 000	8 693 000	+ 5
Gold: produced - kilograms	26 752	28 361	- 8
yield - grams per ton milled	2.92	3.28	-10
Uranium slime treated - tons	2 965 000	3678000	-19
yield - kilograms per ton of sime treated	0,056	0.061	- 8
Pyrite: concentrate recovered - tons	64 TZ4	85 069	- 8 -24 -38
Sulphuncacid: produced - tons	85 968	97 057	-38
Total revenue per ton milled	194,53	R99,19	- 5
Total cost per ton milled	<b>R</b> 87,75	R77,72	+13
Working profit per ton milled	R6,77	R21,47	-68 -
GOLD PRICE RECEIVED	1.00		
Per kilogram	<b>R30 837</b>	FZE 989	+ 6
FINANCIAL RESULTS	ROOCS	ROOOTS	
Total revenue	865 e12	862 265	
Gold and silver	824 960	8221691	
Uranium, pyrite and sulphunic acid	40 652	40 098	
Costs	803 639	675 646	
Working profit	61 973	186 619	
Interest received	10 470	13 553	
Profit before taxation and State's share of profit	72 443	200 172	
Taxation and State's share of profit	5146	e 566	
Profit after taxation and State's share of profit	67 297	193 606	
Appropriations for net expenditure on mining essets	52 563	137 514	
Profit after texation and appropriations	14734	56 092	
Dividends	30 917	57 802	
	(16 183)		
Retained deficit for the year		(1710)	
A STATES OF COLUMN AND A STATES	(10183)	(1710)	
Dividends - cents per share	115	215	

Ontlook

Additional development on leader reef and the use of sedimentological techniques have Additional development on reacen real and the use of security dealer back of the mine to more clearly delineate pay ore reserves on this reef and the grade should remain around the present levels. The tonnage miled is steadily increasing and, providing the present discussions and begotiations on the granting of blasting cartificates to blacks can be expeditiously concluded, the capacities of the metallurgical plants will be tested in the not too distant future.

The annual financial statements and chairman's statements may be obtained from Hill Samuel Registrars Limited, 8 Greencoat Place, London, SWIP IPI.

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### Sino Land lifts The Molson after-tax profits **Companies Limited** (Incorporated with limbed liability under the laws of Canada) to HK\$325m By Michael Marray LLS. SD000000 Hosting Rate Notes Inter date 18th March 1987 Materity date 18th March 1992 in Hong Kong

SINO LAND, the Hong Kong property development and investment company con-trolled by the Ng family, yes-terday reported after-tax prof-its of HK\$325.2m (US\$41.7m) for the year to June, up 6.6 per cent on 1986-87, e period when the company made significant profits on its share dealings.

ears to help the deaf.

More generally the group is looking increasingly to its

rapid expansion abroad as a source of growth. International

operations are now responsible for 33.9 per cent of sales and \$4.2 per cent of its operating profit before tax and interest.

At A\$339m; this operating figure climbed above A\$300m

for the first time, and a break-

Morgan Grenfell & Co. Limited Reference Agent Turnover rose to HK\$690.5m from HK\$685.6m

Also yesterday Sho Bealty, the holding company which has e controlling stake in Sino Land, announced net profits of HK\$890.4m, np from HK\$408.8m

Most of this came in the first half, after the company sold e substantial part of its share portfolio prior to the crash to the Ng family in exchange for an interest in e property development. Sino Realty's turnover for

the year jumped to HK\$2.1bn from HK\$1.1bn.

Mr Robert Ng, who is e director of both companies, lost more than HK\$1bn on his privete account after buying heavily into the futures market just prior to last October's crash. Following the govern-ment-led rescue at the futures exchange, Mr Ng agreed to pay back some HK\$750m over eight vears.

These private losses had no impact on the results of the listed companies.

Sino Land is known as one of the more bullish companies in the local property sector, and Mr Ng is often to be seen bidding aggressively at the ter-ritory's public land euctions.

### Zim Navigation

income up 36.7% ZIM NAVIGATION, the Israeli shipping company, boosted net profits 36.7 per cent to US\$28.3m for the first half to June, on revenues which rose 9.2 per cent to \$427m, writes Our Financial Staff.

Mr Zvi Zur, the chairman, said \$140m in short-term debts would be rescheduled in an agreement due "within days." Increased marketing efforts meant that 59 per cent of Zim's business was between ports in third countries, outwelghing Israeli export-import trade.

Y10,000,000,000 Subordianted Roverse Floating Rate Notes due 15th August, 1991 For the six months 15th August, 1988 to 15th February, 1989 the Notes will bear interest rate fac-tor at 3.5167%. Y35,167 will be payable on 15th February, 1989 per Y1,000,000 principal amount of notes. period from 20th September 1988 to 20th December 1988 the rate KANSALLIS-OSAKE-PANKKI of Interest on the notes will be Y10,000,000,000 Sebordinated Reverse Floating Rate Notes due Rate Notes due 5th September, 1991 For the six months 5th Septem-ber, 1988 to 6th March, 1989, the Notes will bear interest rate factor at 3.4084%. Y34,084 will ment date will be U.S.\$10,42708 be payable on 6th March, 1989 per Y1,000,000 principal sount of Notes. KAWASAKI STEEL CORPORATION Y10,000,000,000 to 21st search 1969 In scontance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 5.15 per one. per annual, and the the interest psychole or the Interest Psymmet Date 21st March 1969 against Coupon No. 1 will be Yon 2,575,000 per Yan 100,000,000 Note.

Y10,000,000,000 Revene Floating Rate Notes due 5th September, 1991 For the six months 6th Septem-ber, 1988 to 6th March, 1989 the Notes will bear interest rate factor at 3.2892%, Y32.892 will be payable on 6th March, 1989 per Y1,000,000 principal amount of notes.

Yamaichi International (Europe) Limited Reference Agent

### FERGABROOK GROUP PLC **OPEN OFFER**

Due to the current possal delays, the latest time for acceptance and payment in full for the Open Offer of new ordinary shares in Fergabrook Group PLC is to be extended by four days until 3.00 p.m. on Friday, 30th

Completed Acceptance Forms will be accepted if they are received by post or by hand at Ravensbourne Registration Services Limited, New Issues Department, Bourne House, 34 Beckenham Road, Beckenham, Kenr BR3 4TU, before that time or delivered by hand to Ravensbourne Registration Services Limited, New Issues Department, 145 Leadenhall Street, London, EC3V 4QT, between 9.00 a.m. and 3.00 p.m. on Friday, 30th September, 1988.

Shareholders and Loan Stock holders who have not received an Acceptance Form should contact Ravensbourne Registration Services Limited, telephone Ol-650 4866, extension 248, to obtain details of individual entitlements and the alternative procedures for acceptance.

Accordingly, the simulable will be amended as follows:

4	
Latest time for splitting	1988 3.09 p.m. on Weinesday, 28th September
Latest time for acceptance	3.00 p.m. on Friday, 30th Scottember
Announcement of the level of accept under the Open Offer	baces Monday, 3rd October
Expected date of completion of the acquisition of Relaxatone Limited	Monday, 3rd October
Dealings in new Ordinary Shares expected to commonce	Tuesday, 4th October
Expected date of despatch of definition extilicates for the new Ordinary St	ive Monday, 10th October Intres
	K Group RI C and has have assessed

by Henry Cooke, Lumsden pic, a member of The Securities Association

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# It's official: **Once again Siemens** ranks as Europe's No.1 in Computers

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Every year the international computer magazine "Datamation" publishes a table of the world's leading Information Systems companies. For the fourth year in succession, Siemens is No.1 in the European league and, as such, the top European computer company in the world market.

This success can be attributed to four major product groups:

- the BS2000 computers, which run under a single operating system – from small departmental com-puters right through to the largest mainframes. • the SINIX<sup>®</sup> multi-user system, Europe's best-
- selling UNIX® computers.
- the Siemens Personal Computers made in Europe, with a continually increasing share of the market.
- the digital office communications systems, which are at home throughout the world.

Each of these systems is the result of an intensive, ongoing program of research and development.

Moreover, Siemens itself manufactures the key components, being the sole European source, of the Megabit chip – a chip for both the world electronics market and Siemens computers.

If you would like to know more about Siemens Computing, please write to Siemens AG, Infoservice 134/Z560, P.O.Box 23 48, D-8510 Fürth, Federal Republic of Germany.

### Leading European-Based IS Companies

	Company	World IS Rev (\$mil)
1	Slemens AG	\$5,703.0
2	Ing. C. Olivetti & Co. SpA	4,637.2
3	Groupe Bull	3,007.5
4	Nixdorf Computer AG	2,821.5
5	NV Philips Gloellampenfabrieker	1 2,601.6
а	STC plc	2,123.9
7	Alcatel NV	2,052.1
а	LM Ericsson	1,511.6
9	inspectorate IntLLtd.	1,225.0
10	Memorex Int.	1,041,1

Source: Detamation, August 1988

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There's a Siemens Computer for every business.

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FINANCIAL TIMES TUESDAY SEPTEMBER 20 1988

## INTERNATIONAL CAPITAL MARKETS AND COMPANIES

# Germany opens door to foreign investors

Haig Simonian on Federal moves to widen the appeal of the debt markets

here may only be a one

digit gep separating Series 79 from Series 80 of West Germany's Federal Bonds (Bundesobligatiooen), but the new 80th issue, due to be launched on October 3, marks a departure. In what is the most impor-

tant liberalisation of the Ger-man government debt market since foreign bsoks were allowed into the Federal debt consortium in mid-1986, the German Finance Ministry yes-terday gave noo-residents the green light to buy Bundesobigationen from the beginning of next month.

These are five-year debt instruments, issued in tap form, which account for almost 20 per cent of the Federal Government's outstaoding debt. There was DM84 4bo outstand-ing at the end of last year.

It is a significant change. Until oow, foreign investors wanting to buy medium-term German governmeot securities bave been limited to five-year Kassenobligatiooen (public authority notes, also sometimes known as medium-term notes)

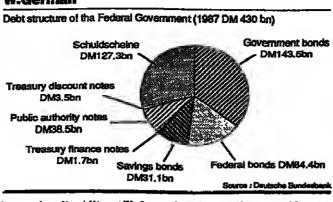
Bundesobligationeo are far more appealing for a number of reasons. First, the market in them is much more liquid than that for Kassenobligationen with both a higher volume out standing and - normally much higher issue sizes.

While Kassenohligationen W.German are issued in tender form, Bundesobligationen issues can reach as high as DM5bn before the tap is turned off. However, the average size tends to be about DM1bn to DM3bn, according to Mr Horst Savert, a Dresdner Bank domestic fixed income analyst. Bundesobligationen also

have the edge when it comes to listing thanks to their inclnsion on the Amtliche Handel, the bourses' official trading. They also benefit from the fact that the Bnndesbank intervenes to smooth the market, as with Bundesanleihen, the 10year government bonds much favoured at one time by foreign investors

But the most important difference between Bundesobliga-tiooen and Kassenobligationen has yet to come. From October 3. five Bundesobligation issues will join the 18 other govern-ment securities which will have their prices fixed continu-ally during stock exchange bours as opposed to only one official fixing as at present.

dent purcha The change to continuous price-setting on the stock exchange should boost trading and liquidity for the securities concerned and may well have any other short-term Federal government paper in Germany. By contrast, the six-year to seven-year maturity Bundes-schatzhriefe are likely to be affected the timing of yester-day's announcement. More-over, any future Bundesobligationen issues over DM2bn will also he continuously traded.



increasing liquidity still furless interesting as mid-range maturities are already well

esterday's decision has focused attention on whether Bundesschatzcovered. However, the market in both instruments, especially Finan-zlerungsschätze, is so small and illiquid that neither is likely to appeal greatly to for-eigners, even if the market were liberalised, according to Mr Ernst Lndwig Drayss, a fixed income analyst at Deut-sche Bank. covered. briefe (Federal savings bonds) and Finanzierungsschätze (Treasury financing notes), the two other types of government debt prohibited to non-residents, may also be eventually liberalised to allow non-resische Bank.

In theory, Finanzierungs-schätze, which have a one-year He thinks the latest decision is just a long-awaited adjust-ment by the German authori-ties to global market develop-ments and liberalisation to two-year maturity, should be of great interest to foreign investors in view of the lack of elsewhere. The decision may have some

affect on yield relationships between Bundesobligationen and Kassenobligationen. At

to raise present, Kassenohligationen offer a marginally lower yield. However, Mr Drayss reckons ths relationship msy be reversed once foreign investors

are allowed to start bnying Bundesobligationen in view of their official listing. Whether the move will radically change the patiern of for-eign purchases of German gov-

ernment securities in general is another matter. From being massive investors in 10-year government honds, foreign institutions have been moving out of the German market in recent months.

Mr Sävert says: "Foreigners sold DM7bn of bearer fixed interest paper between May and July." However, he esti-mates that foreign investors fund in late 1987 and early this year. The losses, mostly involving uncovered positions on the Matif, the French financial futures market, cost the bourse some FFr614m or nearly 40 per cent of the FFr1.6bn reserve fund. They also led to the resigna-tion of a number of senior bourse management. still account from some 16 per cent of German fixed interest securities - some DM170bn in

Given the lively demand for Bundesobligationen among German private investors in particular, the Federal Government does not particularly need any additional inflow of funds from abroad at present. The 79th Series of Bundesoblicoupon, was unexpectedly closed earlier this month. But

The bourse authorities will seek the new funds from French stockbrokers, the eight leading French banks and state financial institutions. The move will bring the SBF's total capital and reserves up to FFr1.05hn. A subsequent operation is planned to raise FFr500m for a guarantee fund with contribu-tions from member firms yesterday's decision to remove another barrier to the freedom of markets may tempt foreign buyers into the market never theless.

guarantee fund with contribu-tions from member firms weighted according to their exposure and capital bases. The Paris bourse has already imposed a minimum capital level of FFr20m by the end of this year, rising to FFr25m by end-1989. Banque Nationale de Paris has offered holders of seven high coupon bonds maturing in 1989 and 1990 the opportu-

French

SE plans

FFr720m

By Our Financial Staff

fitad.

THE French stock exchanges association (SBF) will raise

FFr720m (\$113.2m) by the end

of 1988 in a move aimed at restoring the bourse reserve

The plans, unveiled yester-day by the SBF, which repre-sents the smaller, regional stock markets as well as the

main Paris bourse, follow heavy trading losses hy the fund in late 1987 and early

The bourse authorities will

bourse management.

in 1989 and 1990 the opportunity to swap at market prices into two new subordinated

notes maturing in 2000. BNP says the offer will-allow the bank to extend the average maturity of its debt and improve capital adequacy

# Wall Street firms suffer big reverse

By Janet Bush in New York

three months of this year.

remained well above the total of \$288m in the second quarter

Revenues fell 4.3 per cent to

of 1987.

NEW YORK Stock Exchange \$36.66bn Despite drops in profitabilmember firms which do busi-ness with the public suffered a ity, costs rose 0.1 per cent to \$11.9bn, their fifth highest 51 per cent fall in earnings after taxes in the second quar-ter compared with the first

\$11.9bn, their inth highest quarterly level ever. The New York Stock Exchange said that about 59 per cent of the 386 firms cov-ered by yesterday's figures were profitabla, taking into account trading and interest The regular quarterly figures released yesterday by the exchange reflected the slump in trading volume on the New York Stock Exchange in the second quarter after a rela-tively lively spring period. Return on capital, profitabil-ity and commission income all dropped in the period from April to June. Member firms' net earnings dropped to \$365m from \$745m in the first quarter but remained well above the total The regular quarterly figures income and commission revenues. The proportion of total reveINT

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nees coming from commis-sion-earning business dropped to 17.9 per cent in April to June compared with 18.6 per cent in the previous quarter. New York Stock Exchange

New York Stock Exchange specialists (market makers) reported a post-tax profit of \$30m in the second quarter, a drop of 36 per cent compared with a year ago when they earned \$47m. In the first quar-ter, specialists made an after-tax profit of \$55m. In the second quarter, spe-

\$12.45hn in the period from April to June compared with \$13.02 in January to March. In the second quarter, spe-cialists achieved a 12.3 per cent Revenues in the second quar-ter of 1987 totalled \$12.60n. after tax annualised return on their capital compared with a Profit after tax in the second. quarter of 1988 represented a 4 per cent annual return on 17.7 per cent return in the member firms' net worth of same period last year.

# Mitsui buys DSFH stake

By Michael Marray In Hong Kong

MITSUI TRUST and Banking of Japan is to pay HK\$215m (US\$27.6m) for a 22 per cent (US\$27.6m) for a 22 per cent stake in the Hong Kong-listed Dah Sing Financial Holdings. (DSFH) in a deal that will strengthen their financial ser-vices presence within the Brit-ish-administered territory and in southern China to June.

in southern China. DSFH announced yesterday. hat Mitsui Trust would pay HK\$9.60 each for 22.4m new shares, a substantial premium over Friday's closing price of HK\$7.05. DSFH, which was formed last year as the holding com-

pany for Dah Sing Bank and Hongkong Industrial and Com-mercial Bank (HICB), yester-day reported profits after tax and transfers to inner reserves of HK\$35.9m for the six months

Dah Sing Bank, which pub-lished profits of HK\$40.5m in calendar 1987, acquired HiCB last September from the Hong Kong Government.

That sale was seen as a vote of confidence in Dah Sing, which is one of the few familycontrolled banks left in Hong Kong's competitive hanking environment.

### FT INTERNATIONAL BOND SERVICE

to yield 38 basis points over US being in London should Treasuries. While the pricing reason not to a major	force in BONDS advar	benefit from certain tax ntages as a result.	rant Eurobond bearing a cou-	Listed are the latest international bonds for which there is	an adapted standing at the
on the bond itself was a topic Eurobonds." of discussion, it was the name Furthermore, the ban		ch bond catries 13 war- , 11 of which are to pur-	pon of 3 per cent and priced at par. That issue also traded at a	IS DOLLAR Cimere en	Closing prices on September 19 Change of
of the lead manager, EBC- substantial retail net Amro, which raised eyebrows. the Benelux countries	work in that the issue was no more chase	two warrants are to pur-	premium closing at 104 to 105. Taisei Road Construction	STRAIGHTS Inned Did Offer day week Yield Abbey National 7 12 92 200 1934 944 -014 0 9.61	VEN STRAIGHTS Incord Bid Offer day week Yield
in mid-March, EBC-Amro, the archetypical En	rohond tight and that it will eventu- chase	20 shares each. The war- are exercisable at a share	launched a four-year \$80m equity warrant Eurobond with	Amer. Brands 84, 92 150, 1977, 964 0 0 9.46	Casada 43, 92
once a powerhouse in the investor resides. While Eurobond husiness, announced has had a low profile	in the seen quoted on broker's price	of DM238, against Fri-	an indicated coupon of 5% per	A/S Eksport/Inset7s 93, 100 1933 944 0 0 9.07 A/S Eksport/Inset7s 93, 150 944 945 0 0 9.26 Barc. Bk, Fin. 104 89,	Necisian 51a 95
it was withdrawing its Euro- new issues market for bond operations from London this year, the official s		closing share price of 1. However, the share	cent via Yamaichi Interna- tional.	British Telecom 7% 96	Rep. of Haly 51, 92
and consolidating them in firm has been "quite	aggres- prices in US Treasuries, price	must rise by at least 27 cent before the investor	The strength of the equity warrant sector generally was	Cal, Natl, Telecom 812, 93	World Bank 512 92
Amsterdam. And Amro itself sive" in swaps. says it has not lead managed a Indeed, the proceeds	of Gen- launched a clutch of equity can l	break even. All told, the	seen in Sumitomo Forestry's	CCCCE74 91	OTHER STRADGHTS Issued Bid Offer sby week Viold
dollar-denominated Eurobond eral Electric's issue we since the end of 1987. to have been swapped i	into two ent currencies to raise a total the t	ium on the warrants to nvestor is 19.8 per cent.	\$100m issue which had the cou- pon fixed yesterday at the indi-	C.W.C.A.74         91	Abory Nat. BS. 1014 93 6
Therefore, that it should different currancies,	one of of DM1.0bn in capital, of which Deuts	sche Bank said the issue	cated 5% per cent.	Credit National 71, 92	Aust. Ind. Dev. 124, 93AS
	<u>.</u>	· · · · · · · · · · · · · · · · · · ·		Child P 4         73         77         0         0         8         77         77         0         0         8         77         77         0         0         8         77         77         0         0         8         77         77         0         0         8         77         77         0         0         8         77         77         0	BP Capital 93, 53.5
FT	GUIDE TO WORLD CURREN	CIES		E.E.C. 8 90	Alag, BC, Ned, 55; 92 FL
The Lable below gives the latest available rates of exchange (rounded) aga	inst four key currencies on Monday 19 September 1988 . In some	e rases the rate is nominal. Market r	ates are the average of buying and selling	E.I.B. 93, 97	Control. Bit. Aust. 122, 93AS
rates except where they are shown to be other	rwise. In some cases market rates have been calculated from th	hose of foreign currencies to which	they are tied.		Dentsche Bank 93 97 5
COUNTRY E STG US 5 O-MARK YEN C (X 100)	COUNTRY £ STG US \$ D-MARK YEN (X 100)	COUNTRY & STG	US 5 D-MARK YEN CX 1001	1 GMT EXEC DEGIS 104 ULTIMATE 200 T100 % 100 % 0 U 10 14	
Alghan(stan (Alghani) 99 25 59,1301 31,6334 44,2586 G Albania ILch 10,10 6,0172 3,2191 4,5039 G	menland (Danish Krone) 12,0425 7.1745 3.8382 5.5701	Peru (int.) 55.2% 519.4)	32,9401 17,6223 24,6555 a 309,4489 165,5490 231,6209	G. M.A.C. 8 89 259 100% 100% -012 0 0.07 Geil. Mitri. Corp. 914 92	Elec. France 104: 95 CS
Algeria (Dinar) 10 74 6.3985 3.4231 4.7892 G	reenland (Danish Krone) 12,0425 7,1745 3,8382 5,5701 renada (E Carr S) 4,53 2,6988 1,4438 2,0200 iaadaloope (Local Fr) 10,6625 6,3523 3,3984 4,7547 juam (US \$) 1,6785 1 0,5349 0,7484	Philippies (Peio) 34.20	20.3753 10.9003 15.2508	kaly 9 90	Fed. Bus. Dv. Bk. 94, 92 CS
(So Pesetal 209 25 124 6648 66 6932 93 3110 G	Guatemala (Quetzal) 1.6785 1 0.5349 0.7484 4.4141 2.6297 1.4068 1.9683	Pitcalm is (£ Sterling) 1.00 (NZ 5) 2.7630	0.5957 0.3187 0.4459 1.6461 0.8806 1.2321	LT.C. Bof Japan 891	Cillette Car. 91, 93 5
Angola IX.wanzal 51 1170 30.4539 16.2922 22.7946 Antigua (E.Carr 51 4.53 2.6988 1.4433 2.0200 C Angernina Australl 20.0600 11.9511 6.3936 8.9433 6	ulnea  Fr1 502 95 299,6425 160 3027 224 280 ulnea-Bissaur (Pesol 1089,73 6-49,2284 347,3243 485,944 uyana (Guyanes 5 15,0900 8,9901 4,8095 6,7290	Poland (Zloty) 794.0 Portugal (Escucio) 258.50 Portugal (Escucio) 258.50 Poerto Rico IIUS \$2 1.678	473.0950 253.0964 354.1092 154.0065 82.3904 115.2731 · 1 0.5349 0.7484 ·	Merceds-Benz Dd. 81 <sub>2</sub> 95	6. M.A. CARS, Fin. 1490 AS
Australia (Aus SJ 2,1300 1,2689 0,6788 0,9498 1		Qatar IRiyaD 6.111	3.6410 1.9478 2.7253	LT.C.B.of Japan 8 97	Halifat BS 10% 97 5
	talt. (Goude) 8.3825 4.9940 2.6717 3.7360 Ionduras (Lemotra) 3.3510 1.9964 1.0660 1.4943 Tong Kong (HK \$1 13.0968 7.8026 4.1742 5.8402 fungary (Forkn:) 90.8363 54.1175 28.9518 40.5067	Reunion Is. de la IF/Fr) 10.667 Romania (Leu) 14.788 Rwanda (Fr) 132.85	5 6.3523 3.3984 4.7547 8.8054 4.7107 6.5908 5 79.1480 42.3426 59.2419	Prudential Crp. B 3, 94,	Montreal Tst. 103, 93 CS
		Rwanda (Fr) 132.65 St Christopher (E Carr S) 4.53 St Helena (D) 1.00			"Here blieve Db 191 00 40 50 400 001 0 01 1344
Balearic Is (Sp Pesetal 209 25 124.6648 66.6932 97 3110 Bangladesh (Takat 52 20 31.0991 16.6774 23.2775 in Barbados (Barb 54 33719 2.0088 1.0747 1.5036 in Berlglam (Belg Fri 65.80c 39.2016 20.9721 29.3422	cciandi Occiandic Krona)         78.25         46.6190         24.9402         34.8940           ndla         Lindlan Rupce)         24.00         14.2984         7.6494         10.7023           nduesia         (Rupclah)         266.594         1707.4411         913.4470         1278.01           ran         (Riali         119.60         71.2540         38.1195         53.3333           raq         (Iraqi Oinari)         0.5218         0.3108         0.1663         0.2326           rsh Rep         (Pomt)         1.1635         0.6961         0.3724         0.5210           srael         (Shekel)         2.7500         1.6383         0.8764         1.2263           taly         (Lira)         239.50         1393.8039         745.6573         1043.25           vory Coast         (LFA Fr)         533.13         317.6228         169.9219         237.739	St Helena (C) 1.00 St Lucia IE Carr \$1 4.53 St Pierre IFreech Fr) 10.662 St Vincent IE Carr \$1 4.53	2,6988 1,4438 2,0200 0,5957 0,3187 0,4459 2,64988 1,4438 2,0200 5 6,3525 3,3984 4,7547 2,6988 1,4438 2,0200	State 8k 5 Aust 9k 9 73         100         104 104 104 104 104 104 104 104 104 104	Ned. Midd. Bank 6 92 FL
Beiglam (Beig Fri 65 80c 39,2016 20,9721 29,3422 66,659 39,7080 21,2430 29,721 8 66,659 39,7080 21,2430 29,721 8 Beilize 18,51 3530 1,9976 1,0486 1,4952 6	raq (kraqi Qinar) 0.5218 0.3108 0.1663 0.2328 rish Rep (Port) 1.1685 0.6961 0.3724 0.5210 srael (Sheke) 2.7500 1.6383 0.8764 1.2265	St Vincent IE Carr 5) 4.53 San Marino Ittalian Lina) 2339.5	2.6988 1.4438 2.0200 0 1393.8039 745.6573 1043.2552	Sweden 7 92	Oesters, Kibk, 134, 94 AS
Bellize (BS) 3 3330 1,9976 1,0986 1,4952 15 Benim (CFA Fri 531 13 317 6228 169,9219 237 7391 1 Bernmuta (Bermudian Si 1,6785 1,0782 169,9219 237 7391 1 Berlivia (Bermudian Si 1,6785 1,0782 1,0792 1,	srael (Sinetael) 2,7500 1,6383 * 0,8764 1,2263 Lahy (Linz) 2339,50 1,393,8039 745,6573 1,043,22 Nory Coast (LFA Fr) 533,13 3,37,6228 1,69,9219 2,237,739	<ul> <li>Stefferre (Freden Fr) 10.602</li> <li>Structut IE Carr SJ 4.53</li> <li>San Marino (Italian Lira) 2339.5</li> <li>Sao Tome (Dobra) 129.7</li> <li>Saodi Arabia (Riyai) 6.290</li> <li>Senegal (CFA Fri 533.11) Sychelics (Rupes) 9.22</li> <li>Sterra Leone (Leone) 55.12</li> <li>Starown (CD) 14.50</li> </ul>	3.7476 2.0049 2.8051 317.6228 169.9219 237.7391		Royal Bit, Scot. 103, 98 5
Biturum         24 00         14,2964         7,6494         10,7023           Boltivia         IBoltviani         4 22         2 5141         1 3450         1.881B         J           Botwana         (Pulu)         3 300         1 9839         1 0613         1 4649         J           Bracill         (Grucado)         543,25         323,6520         173,1474         242,2519         J	lamaica I Jamaican S) 9,0530 5,3935 2,8854 4,0370 Japan (Yen) 224,25 133,6014 71,4741 100 Jordan (Jordanian Oinar) 0,6325 0,3768 0,2015 0,2820	Sierra Leone (Leone) 55.12	5.4929 2.9386 4.1114 32.8388 17.5681 24.5797 2.0349 1.0597 1.5546	World Bank 7 92	Store, 74, 95 ECU
Brack (Cructodo 543.25 323.6520 173.1474 242.2519 J Brinsh Virgin Is (USS1 16785 1 0.5349 0.7484 Brunel 1 Brunel 51 34190 2.0369 1.0897 1.5246 #		Singapore CS 3.4290 Solomon is (SI 3.6093 Somail Rep (Shiiling) 380.57	2.6988         1.4438         2.0200           0.5957         0.3127         0.4459           2.6988         1.4438         2.0200           25         6.3525         3.33964         4.7547           2.6968         1.4438         2.0200           0         1.993.8039         745.6573         1043.2572           0         1.993.8039         745.6573         1043.2572           3.7476         2.0049         2.8031         317.6228           3.17.6228         1.69,9219         237.7391         5.4727           3.12,628         1.09,71541         2.45.777           3.2088         1.75451         2.45.777           2.0369         1.0597         1.5246           2.1503         1.1503         1.6094           2.256,7322         121.29772         169,7079	Average price change On day -012 on week +012 OEUTSCHE MARK Change on	World Bank 13% 92 A\$
000000         21.2230         21.2330         21.2340         21.2340         21.2340         21.2340         21.2340         21.2340         21.2340         21.2340         21.2340         21.2340         21.2340         21.2340         21.2340         21.2340	Carapuches (Rieli 167.65 99.8308 53.4342 74.7603 Senya (Kenya Shilingi 30.70 18.2501 9.7848 13.6900 Linbati (Australian Si 2.1300 1.2669 0.6788 0.9498 Sona North (Wool 1.6262 0.7668 0.5189 0.7251	South Africa (Rand) 4.1340 6.8448 Spain (Peseta) 209.2	4.0779 2.1816 3.0523	STRAIGHTS Inset Bid Offer day week Yield Asian Dev. BK 6 94 200 101 101 4 0 +01 5.73	Alliance & Leic Bid 94 £
Burundi (Burundi Fri 265 28 156,2585 83,5952 116,9587 8 Cameroon (CFA Fr' 533 13 317,6228 169,9219 237,7391 K	Campuches (Riell 167.65 99.8308 53.4342 74.7603 Senya (Kesya Shilingi 30.70 18.2501 9.7648 13.6900 Cirisati (Austra(Ian 32.1300 1.2669 0.6788 0.9498 Corea North (Woot 1.6262 0.9668 0.5183 0.7251 Corea South (Woot 1.1209.53 720.0059 355.1888 538.920 Cuwait [Kuwail] Oinar( 0.4812 0.2866 0.1533 0.2145	Spain (Peseta) 209.25 Spanish Ports in N Africa (Sp Peseta) 209.25		Arts Fin SVS 53, 92	Betgium 91 US
Cameroon         iCFA Fr'         533 13         317 6228         169 9219         237 7391         K           Canada         (Canada)         Canada         (Canada)         1.201         0.6527         0.9132         L           Canada         (Canada)         1.201         0.6527         0.9132         L           Canada         (Canada)         1.201         0.6527         0.9132         L           Canada         (Canada)         1.290737         76.9982         41.1390         57 5579         L           Cayman (s)         (CS 1) 3.9415         0.8290         0.4435         0.6305         L           Cent Ath Rep (CFA Fr)         533 13         317 6228         169 9219         237 7391         L           Chaod         ICFA Fr)         533 13         317 6228         169 9219         237, 7391         L           Chaod         ICFA Fr)         533 13         317 6228         169 9219         237, 7391         L	aos INew Kiol 586,7750 349,5829 187,0199 261,661 ebanon (Lebanese E) 683,38 407,1373 217,8103 304,740 esotho (Majuti) 4,1340 2,4629 1,3176 1,8434		124.6648         66.6932         95.3110           32.5290         17.4023         24.3478           4.4946         2.4045         3.8642           1.7829         0.9538         1.3344           2.4629         1.3176         1.8634           5.64328         3.4414         4.8149           1.5787         0.8446         1.1817           5         20.9749         11.2211         15.6996		Cit icorp 98 US
Canary Is ISp Pesetal 209 25 124 6048 66.6932 93 3110 Dp Verde Is (CV Escudin) 129 0737 76.8982 41.1390 57 5579 Cayman (s (CI S) 1 3915 0 8290 0 4435 0.6205 Cent Ati Rep ICFA Fit 533 13 317 6228 169 9219 237 7391	(beria    berian \$) 1 6785 1 0 53/9 0 7/84	Swaziland (Lilangeni) 4.1340 Sweden (Krona) 10.797	2.4629 1.3176 1.8434 5 6.4328 3.4414 4.8149	Commerzizanic 0/s. 3-1; Y3	Hallfax BS 94 5
	Jaya (Libyan Olnur) 0.4981 0.2967 0.1587 0.2221 Jecheostein (Switz Fr) 2.6500 1.5787 0.8446 1.1817 Jecheostein (Switz Fr) 2.6500 39.2016 20.9721 29.3422	Syria (£) 35.206	1.5787 0.8446 1.1817 5 20.9749 11.2211 15.6996	£1.B. 61, 97	Millik Mkt. Brd. 5 93 £
Colombia (Cal Peso) 525 27 312 9401 167 4167 234 2341 N Campin N (CFA Fi) 522 13 317 6228 169 9219 237,7391 N	Macan Praises) 13 4874 8.0353 4.2987 6.0144 Materia Pri Eccuto 288.50 154.0065 82.3904 115.273 Materia Rep (MG-F) 2115.74 1260.4944 674.3394 942.413	Talwan (\$) 48.625 Tanzania (Shiiling) 180.70 Tanzania (Baha) 42.30	28,9673 15,4980 21,6833 107,6556 57,5736 80,5797 25,2510 13,4820 18,8628 317,6228 169,9219 237,7391 1,2669 0,6788 0,9498 4,2449 2,2709 3,1773 0,9064 0,4849 0,6784 8 1594,1495 852,8382 11,92,2129	Errol Coalde Society 57, 97, 175, 984, 994, 0404, 0, 02 Errolfinta 64, 96, 101, 101, 1024, 404, 0, 5,94 Elec De France 54, 97, 102, 300, 974, 404, -03, 6,12	New Zealand 5 97 £
Control Traca (Colour) 133 137 0520 107 121 237 237 237 Control Ricca (Colour) 133 15 17 1861 41 2780 57 7525 Cuto (Cuban Pereir) 1 2768 07.7605 04069 0.5693 Cuprus (Cuprus C) 08150 04855 02597 0.3634	Halagasy Rep (MG Fri 2115 74 1260,4944 674,5394 943,473 Alawi (Wwacha) 4 4950 2,6773 1,4323 2,0040 Malaysia (Rangul) 4,4620 2,6583 1,4221 1,9897 Maldive Is (Rufyat 16,9527 10,0379 5,3968 7,5508 Mall Rep (CFA Fri 553,13 317,6228 169,9219 237,739	8 Togo Rep (CFA Fr) 533.13 Toga is (Pa Anga) 2.1300 Trimidad/Tobago (\$) 7.1251 Tunisla (Qinar) 1.5214	317.6228 169.9219 237,7391 1.2689 0.6788 0.9498 4.2449 2.2709 3.1773	Enroffinia 6 ¼ 96	Woolwich Equit. BS. 93 E 01, 99.64 99.69 13/10 10.44 Woolwich S 95 E
Cyprus         ICyprus         0         8855         0         2597         0.3634           Czechoslovakia         (Koruna)         9.30c         5.5406         2.9643         4.1477         N           16         19(         9.6455         5.1601         7.2196         N           15         261         -2.320         6.9476         N	Haldivels (Ruffyat 16.9327 10.0379 5.3968 7.5508 Hall Rep (CFA Pri 533.13 317.6228 169.9219 237.791 Alta (Matuse 1) 0.5790 0 3449 0 0.1845 0.2581	Taiwan         (5)         48.62           Tanzania         (Shilling)         180.70           Tanzania         (Shilling)         180.70           Tanzania         (Shilling)         180.70           Togo Rep         (CFA Fr)         533.13           Toga Is         (Pa Anga)         2.1300           Trinidad/Tobago         (S)         7.1251           Tunisia         (Dirant)         1.5214           Tarrey         (Lina)         2675.7           Tunisia         Calcons, UIS S)         1.6769	28,9673 15,4980 21,6833 107,6556 57,5736 80,5797 25,2510 13,4820 18,8428 317,6233 169,9219 237,7391 1,2589 0,6788 0,9498 4,2449 2,2709 3,1773 0,9664 0,4849 0,6784 8 1994,1495 852,8382 1193,2129 1 1,2689 0,6788 0,9498	Japan Finance 51, 97	Average price change On day +0.23 on week +0.30
	Macab         IPatisca         13.4874         8.0353         4.2987         6.0144           Malegasy Rep         (MG r)         288.50         154.0065         82.3904         115.273           Malagasy Rep         (MG r)         2115.74         1200.446         674.3394         943.473           Malagasy Rep         (MG r)         2115.74         1200.446         674.3394         943.473           Malaysia         (Kwacha)         4.4990         2.6583         1.4323         2.0040           Malaysia         (Ringul)         4.4690         2.6583         1.4321         1.9897           Maldwels         (Ringul)         4.9527         10.0379         5.3968         7.5508           Malta         (Matuse E)         0.5700         0.3449         0.1845         0.2581           Martinique         (Local Fri         10.6625         6.3523         3.3984         4.7547           Mauritania         (Guapta)         124.52         74.1052         36.6876         55.5273           Mauritulus         IMaur Rupet         23.55         14.0303         7.5059         10.5016	Tuvala (Australian \$) 2.1300	1.2689 0.6788 0.9498	L1.8.6 4 97	BONDS date price Bid Offer day Prop Alcoa 64, 02US 8/87 62 1023, 1033, +03, 23.54
	Mexico (Mexican Pesol 2855 95a 2297, 2594 1228, 9880 1719, 48 382-4 00d 2284, 1823 1221, 9920 1709, 69	1 United Kingdom (5) 100	149,8302 90,1561 112,1471 3,6696 1,9631 2,7467 0,5957 0,3187 0,4459 1 0,5349 0,7454	Nippon Telg. & Tel. 6 95	/ MIRI: OF BIND / 9, 96 V 3 at 11 at 19/0 / 56 / 101 14 107 11 1. 11 47
Dominicali Rep. (0 Peso) B 38 4 9925 2 5709 3.7369	Algueton 1 Local Fri 10 0625 0.3523 3.3984 4.7547 Alonaco IFrench Fri 10.6625 0.3523 3.3984 4.7547 Aongolia (Tugrik) 5.6255 3.3515 1.7729 2.5085 Joniserrat (E.Carr S) 4.53 2.6988 1.4438 2.0200	United States (U5 \$) 1.6785 Urugnay (Pesol 455.96 USSR (Rouble) 1.0605	1 0.5349 0.7484 390.8013 209.0709 292.5128 0.6318 0.3380 0.4729	Portugal 53; 92	Asics 5 92 0M
	Acrocco (Oirham( 14.10 8.4003 4.4940 6.2876	Vanuatu (Vatu) 175.25 Vatican (Lira) 2339.5		Royal Insurance 512 92	Cess. Inc. 502 US
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Abbreviations (a) Free rate, (b) Banknote rate; (c) Com iki Buying rate; (i) Luuury goods; ira( Mar	mercial rate ; (d) Controlled rate; (e) Essential imports; (g) Financial ra feet rate; (n) Official rate; (n) preferential rate; (n) convertible rate; (r) ( by Bank of America, Economics Department, London Trading Centre, Eng Monday 19 September, 1988	te; (h) Exports; (l) Non commercial rate parallel rate; (y) Selling rate; (y) Tourist	; () Business rate; rate;	Nippon Tele ETel 44, 95	Floating Rate Notes: Denominated in dollars unless otherwise indi- cated, Couson shown is minimum. C data Data states otherwise indi-
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				Average price change On way +0 on week +01g	Convertible Bonds: Depominated in dollars unless otherwise inficated.

# GE's selection of lead manager raises eyebrows

### By Our Euromarkets Staff

GENERAL ELECTRIC added its name to the list of US corporstions back in the Euro-bond markets for fresh capital after a long hiatus, joining Sea-grams and Northern Telecom which emerged late last week after several years' absence.

The company, which has not borrowed in Europe since Jan-uary 1987, issued a \$500m fiveyear bond with a coupon of 9% per cent, priced at 101% priced to yield 38 basis points over US

have won the highly coveted mandate for such a buge borrowing by a AAA-rated US cor-porate left some of its competi-tors speechless. Indeed, several cess in winning the mandate at all. pointed to the pricing, suggesting that EBC-Amro may be try-ing to buy market share.

Amro hit back, saying that some of its competitors have probably misjudged both the firm's abilities and its inten-tions. One official said: "Not certainly of comparable merit. being in London shouldn't be a

Amro defended the pricing, saying that IBM, for instance, has been able to raise funds in the Eurobond market at 28 basis points over Treasuries and General Electric's issue is

INTERNATIONAL

DM800m is in the form of debt. The remaining DM200 represents the premium on the

equity warrants. The largest of the tranches is a \$120m 10-year bond with a 9% per cent coupon and priced at 128, of which 27 points repre-sents the cost of the warrants. Lead manager Deutsche Bank said that the structure is commonly used on equity warrant bonds of West German issuers who benefit from certain tax

closed at 135. There is also a DM300m 10-year Eurobond with equity warrants, similarly structured The coupon is 6% per cent and the issue price is 130. Each bond has nine warrants, one of

> chases one preference share each. The issue closed at 138 to 739 Volkswagen also launched a SFr230m 12-year equity war-

which purchases 20 preference shares and eight of which purratios.



. . . .

The prices over the past week were supplied by:Kredletbank N.V.; Commerzback AG; Deutsche Bank AG; W Bank Generale du Luxembourg SA; Bank Internationale Luxembourg; Kredletbank Luxembourg; Algemene Ba Pierson; Credit Suisse Bank; Bank of Tokyo International; Chemical Bank International; Chase Manhattan; Europe NY; Credit Commercial de France (Securities); LYCB International; Robert Flemming & Co; First C Corporation; Hambros Bank; IBJ International; Merrill Lynch; Morgan Stanley International; Robert

## **INTERNATIONAL COMPANIES AND FINANCE**

### Unisys revamps mainframe computers By Louise Kehoe

in San Francisco

arms

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**UNISYS Corporation yesterday** revemped its mainframe com-puter product line with the introduction of long swaited high-performance systems

nigh-performance systems with high-speed transaction processing software. The product announcement marks the replacement of the ageing Sperry mainframe com-puter product line and is critical to the company's efforts to maintain its customer base, according to industry analysts. Unisys is the third largest

Unisys is the third largest US computer manufacturer. The company was formed by the merger of Sperry and Bur-roughs two years ago. Speaking at the US product launch yesterday, Mr Michael Blumenthal, chairman and chief executive of Unisys, said the Unisys 2200/600 main-frame computers and transac-tion processing software address the fastest growing segment of the large-scale mainframe computer market and compete directly with IBM's recently launched 3090S high-performance systems. Transaction processing is

high-performance systems. "Transaction processing is today's most demanding com-puting environment, requiring ultra-high volume capacity and non-stop, highly-resilient operation," he said. The transaction processing market is valued at about \$21bn and is growing at an annual rate of 17 per cent, according to market analysts. These systems are used by air-lines, banks and other organi-sations that handle thousands of customer transactions that must be recorded and promust be recorded and pro-cessed. Current leaders in the field include Tandem and IBM. . Mr Blumenthal said that market forecasts indicate worldwide sales for online.

transaction processing could reach more than \$50bn in: Unisys introduced 11 main-frame computer models all based on central processing units built by Hitachi of

Japan. Prices range from almost \$2m for an entry-level single processor system to more than \$8m for a system with four processors. Single and dual processor

systems will be available next. March, Unisys said.

MANNESMAI

# **Coats' share price slides** with £5m fall in profits By Alice Rawsthorn in London

COATS VIYELLA, the largest textile group in Europe, saw its share price slide by 21p to 178p share price slide by 21p to 178p yesterday when it announced a fall in pre-tax profits from SSIM (\$135m) to 276m in the first half of the year. Mr David Alliance, chief executive, said that Coats had suffered from increased import pressure in the UK and from the impact of the strong pound on its overseas earnings. "It has been a tough helf year and

has been a tough half year and will be a tough full year," he said

Said. Coats has taken action to reduce its cost base and cut capacity. The workforce has already contracted by 1,200. Mr Alliance warned that there would be more redundancies before the end of the year. In the six months to June 30, Coats saw sales rise to 2881.9m (Sai5.1m) but operating profits were static at £78.7m (£78.4m). Earnings per share (before extraordinary items) fell to 9.71p (10.37p). But the board proposes to increase the interim dividend to 3p (2.7p). Since last autumn, when the

Holmes à Court denies

breaking SE rules

MR ROBERT Holmes à Court,

MR ROBERT. Holmes a Court, the Australian entrepreneur, denied yesterday that he had been in : breach of Stock Exchange rules when he bought shares in Standard Chartered shortly before the amouncement of last week's rights issue

rights issue. Mr Holmes à Court is deputy

chairman of Standard, a posi-tion which would have pre-cluded him from buying shares if he possessed inside informa-

tion of a market sensitive

nature. He said yesterday he was confident he had not breached the rules for two reasons.

First, he sought clearance on

August 12 from Sir Peter Gra-ham, the chairman, to buy the shares. Sir Peter said this would be alright provided the purchases were made after August 16 when a board meet-

ing was held to approve Stan-

dard's interim results. Second, although Sir Peter

By David Lascelles, Banking Editor, in London



David Alliance: suffered from import pressure

pound began to rise on the for-eign exchange markets, the flow of low-cost imports into the UK has risen rapidly. The increase has imposed pressure on the sales of UK manufactur-ers, like Coats, and also on profitability.

Coats is heavily exposed to overseas markets - through its international thread and handknitting interests - and

in Montana.

ulations

lost an estimated £5m because of the effect of adverse exchange rates on profits conversion. The group is also exposed to the parts of the textile industry that have fared particularly badly in recent months. It lost

28m in profits when its knit-wear interests fell into a loss in the first half. There have already been cuts in knitwear and Coats is considering fur-ther action. Hand knitting, which fell into decline two years ago, produced static prof-its albeit at a low base,

The reorganisation of the group's carpet interests is tak-ing "longer than expected" to complete. Coats is reviewing the future of its Country Casu-als and Viyella retail busi-

Mr Alliance said that some areas - men's shirts, home textiles and engineering fared well despite increased competition. In the long term Coats is augmenting its overseas sourcing in order to counter the vulnerability of its UK manufacturing interests.

# The opening of Beijing's other legendary Palace.

The dragon Empress considered the doors of her many palaces their most important feature. They enclosed the luxury, comfort and privacy reserved for herself and her chosen. guests

The doors of The Palace Hotel were created in another age but in the same tradition of old, the comforts, service and hospitality on which they open would seem familiar to the dragon Empress.

The 570 rooms and suites offer a full range of accommodations from de luxe rooms to The Palace Club Executive Floors, Duplex, Wangfujing and Presidential

The dining choice is equally tempting. French cuistne at Champagne Room, Roma Ristorante Italiano, Bierstube, Palm Court Coffee

House,

Ginza Japanese Restaurant and the Sichuan and Guangzhou Gardens. For private entertainment, The Palace Ballroom and other function rooms are also available with a choice of menus to sult the occasion. Located just a short walk from the other Palace. The Palace Hotel at Wangfujing is at the very heart of Beijing. And within its doors a warm welcome and impeccable service await you.

**OPENS** 

LATE 1988

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## **Belhaven head** departs after boardroom row

### By Nikki Talt in London

MR RAYMOND MIQUEL, the whisky group Arthur Bell, has been replaced as both chair-man and chief executive of Bel-haven Brewery, the Dunbar-based group, after a boardroom row.

In the course of the next two weeks, his brokers bought 80,000 shares. When Mr Holmes à Court finally received the minutes of the August 16 board Yesterday, a statement from Belhaven - accompanying interim figures showing only a marginal improvement in interim profits - said that a difference of opinion had arisen between Mr Miquel and meeting on September 2, he halted the purchases and informed Sir Peter of them. Asked if he felt Standard Chartered should have made a greater effort to tell him about the majority of the board about the management and future development of the group. The company declined to elaborate the proceedings of the board meeting before then, Mr Holmes à Court said: "I have no view on that." Mr Phillip Kaye, chief execu-tive of restaurant chain Gar-funkels, which Belhaven acquired in May 1987, takes In response to suggestions thet his handling of the pur-chases pointed to a lack of over as group chief executive. Mr Bruce Johnstone has been appointed chairman. The comfamiliarity with the rules, Mr Holmes à Court streased he was fully conversant with regpany refused to say whether Mr Miquel has resigned or been sacked.

told the board meeting that a £303m rights issue was immi-ment. Mr Holmes à Court did not receive this information because he missed the meeting and was on holiday on a ranch in Montana

THE PALACE HOTEL

Managed by Manila Hotel International

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王府飯店

Wangfujing. Beijing



# Mechanical chainening electronics Nechanical chainening electronics Names mann's decisive edge

tields: bit of the most recent examples, the tatest electromically indices that are revolutionising automatic production processes and break automated materials flow and storage processes with the way to the factory of the future. Manuel and the skill and expertise of over 120,000 pro-mails a second to be skill and expertise of over 120,000 pro-positive a second to be world.

Computer Controlled Mannesmann Demag warehousing system in a central automotive spare parts warehouse.

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FINANCIAL TIMES TUESDAY SEPTEMBER 20 1988

### **UK COMPANY NEWS**

# **TI steps up heat treatment with** £72.5m Thermal Scientific buy

### By Clay Harris

TI GROUP, specialist engineering company. yester-day agreed to pay £72.5m in cash for Thermal Scientific, a manufacturer of high temperature vacuum furnaces. It plans to merge Thermal's vacuum businesses with its existing Abar Ipsen heat-treatment sub-

Abar Ipsen neactors and the sidiary. Mr Chris Lewinton, Ti chief executive, said the acquisition would expand Abar Ipsen's geographic and product range, making it the world's largest international player in thermal technology, involving the test-ing and processing of materials at high temperatures and controlled atmospheric conditions. Thermal makes vacuum fur-

naces operating at temperatures between 1,500 and 3,000 degrees celsius, compared with the 1,000 degree maximum of Abar Ipsen's products. Ther-mal also makes laboratory and start-up furnaces, whereas TT's

**Tysons returns** 

£14,000 midway

Tysons, building group, has reported a pre-tax profit of £14,000 for the six months to June 30, compared with a £554,000 loss in the previous first healf The turnound was

first half. The turnround was

achieved on almost static turn-

over of £10.77m. Trading profit was £83,000, against a £146,000

The board proposes a one-

for-two rights issue at 42p per share to raise about £3.15m

before expenses. J F Donelon and Co, the Donelon pension

plan, and the directors are tak-

ing up 2.55m new ordinary, the balance is fully underwritten.

(11.1p loss). There is not expec-

ted to be a dividend payment

Breedon profit leap

Breedon, limestone quarrying company, hoisted pre-tax prof-its from £375,000 to £1.94m in the six months to end July. Turnover more than trebled

to £7.91m (£2.56m). Earnings were lifted 95 per cent to 9.68p (4.97p) per share. The directors

have raised the interim divi-

dend to 2.5p (2p). A one-for-one scrip issue is also proposed.

in the current year.

Earnings per share were 0.1p

loss last time.

to profit with

existing furnaces are larger, production-line models.

TI plans to sell Thermal's peripheral operations in poly-mer engineering, instrumentation and laboratory equipment. One disposal for 26.5m has already been agreed, and TI said it expected to recoup at least fl8m from the rest.

This strategy would repeat. on a smaller scale, TT's \$500m (£281m) takeover last year of John Crane-Houdaille, the US engineering group. TI subse-quently raised \$200m through the sale of all parts of Houdaille except Crane, the world's largest maker of mechanical

Since the beginning of 1987, TI (formerly Tube Investments) has been transformed in an effort to concentrate on world leadership in a few specialised adership in a few specialised the domestic appliances com-ngineering sectors. panies Creda, Glow-worm, Par-it has sold operations such kray, Russell Hobbs and

By Andrew Hilli

the Soviet Union.

puters.

ER5KINE HOUSE Gronp

yesterday launched an agreed bid for Quest Group, taking the acquisitive fax and photocopier company into the distribution and maintenance of microcom-

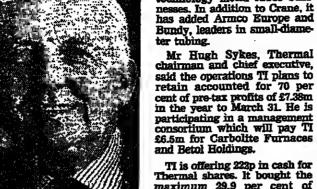
The all-shares deal, which

values Quest, computer prod-ucts supplier, at about £22.2m,

means the enlarged group will have customers in both super-powers. Erskine is already

**Erskine House launches** 

agreed bid for Quest



Chris Lewinton - expands geographic and product range. as Raleigh, the bicycle maker,

the merger would provide Erskine with the skills neces-

sary to exploit the increasing

computerisation of the office

Erskine is offering seven of

equipment business.

Mr Hugh Sykes, Thermal chairman and chief executive, said the operations TI plans to retain accounted for 70 per cent of pre-tax profits of £7.38m in the year to March 31. He is

and Betol Holdings.

his family had given irrevoca-ble undertakings to accept. Thermal chares closed 62p higher at 215p, TI down 3p at 340p.

# in first half

Further strong growth at Paragon Communications, pub-lic relations specialist, resulted in pre-tax profits for the half-year to end-June up 44 per cent to £430,000.

This came from sales of £3.76m, £1m up on last time. Tax took £158,000 (£114,000) and earnings per 5p share were up 35 per cent to 5p (3.7p). Mr Michael Hingston, chief

its shares for every 12 Quest shares, a total issue of 13m new ordinary shares, or 28.6 per cent of the enlarged executive, said the group now served more than 60 clients and the outlook for the year was good. The company would maintain its emphasis on strong organic growth and explore opportunities for devel-opment in the UK and conti-The directors have declared

an improved interim dividend of 1.1p (0.9p).

> Tarmac raises stake Tarmac, construction and building materials group, has increased its stake in Ruberoid, roofing materials group. Tar-mac has now received irrevocable acceptances of its recom-mended £141.3m cash offer representing 20.7 per cent of Ruberoid's shares.

### **USH chief** quits as subsidiary hits profits Tower, and some of its low technology metal tubes busi-

By Clay Harris UNITED SCIENTIFIC

UNITED SCIENTIFIC Holdings, defence equipment manufacturer, warned yester-day that cost overruns in its Avimo subsidiary could pall group pre-tax profits down to £10m in the year to September 30, compared with the £11.1m achieved in 1988-87. As a result, Mr David Fraser, chief executive and managing director, resigned yesterday, and was replaced by Mr Derek Cannons. USH shares chosed 3p lower at 176p. tile predatory action. Reed International, which was revealed to have approached Pearson with the opportunity of a "friendly" merger earlier this month, decimed to make any formal comment. comment. However, it is understood that the company is currently reviewing its options, and waiting for the dust to settle. Reed is cash-rich at present but does not have a tradition of making hostile bids. It has, shares closed 5p lower at 176p. USH said a detailed technical evaluation of contract prof-itability at Avimo, manufac-turer of electro-optical equipment, had identified technical problems and associ-

however, been fairly acquisi-tive on a friendly basis ated cost overruns which would require significant write-downs of work in progrecently. Meanwhile, Charterhouse, the merchant bank brought in Sir Frank Cooper, chairman, said several contracts involv-ing orders for overseas mili-tary customers did not appear

to have been properly costed. USH had already put in a finance director at Avimo, and was preparing to appoint a new production director.

new production director. Mr Fraser offered his resig-nation after discussions with the board, Sir Frank said. "He felt his credibility had been undermined and that he had to go," the chairman added. An undisclosed financial set-tlement has been reached with Mr Fraser. USH's highest paid director, believed to be Mr Fraser, received £145,000 including profit-related bonus in 1986-87. in 1986-87

this month not to pursue its seven-month bid to take over Varo, US manufacturer of night-vision devices, Sir Frank said.

(155.5m) for varo, but pulse out on September 5 to leave the field open for an American "white knight," IMO-Delaval. In addition to Mr Cannons' appointment, Mr Peter Hick-son moves from finance direc-tor to become downing ables.

tor to become deputy chief executive with particular responsibility for strategic development.

# earlier this year to advise Mr Rupert Murdoch's News Inter-national over its 20.5 per cent holding in Pearson, confirmed yesterday that it had raised certain aspects of the Elsevier deal with both the Takeover **Pentland warns market**

By Nikki Talt

SHARES IN Pearson, publishing, banking and indus-trial company which owns the Financial Times, jumped 46p to 735p yesterday amid specula-tion that the company's recent

stake swap deal with Elsevier, Dutch publishing concern, would act as a catalyst for hos-

of downturn at Reebok By Alice Rewsthorn

PENTLAND INDUSTRIES, the consumer products gronp which recently acquired Par-

The discovery of the prob-lems at Avimo was one ele-ment in USH's decision earlier

USH had signalled its willingness to pay up to \$115m (£68.5m) for Varo, but pulled

### Hambros takes new route back to life assurance By Eric Short

US.

Brenk Chemica

ker Pen, yesterday warned the stock market that its 1988 results might be affected by a fall in earnings from Reebok, its associate company in the Pentland holds 32 per cent of Reebok, one of the leading US sports shoe and sportswear companies. In the early 1980s

Reebok was extraordinarily successful, but in the past year it has suffered from depressed Although Pentland has diversified in recent years to reduce its reliance on Reebok, margins and slower growth from its sports shoe business. Last week Reebok said that the associate still provided more than three quarters of its £33.5m pre-tax profits in the first half of the year. Pentland's abare price fell 14p to 101p yesterday. it expected to report reduced earnings for the third quarter ending September 30, and for the full year.

int

**DIVIDENDS ANNOUNCED** 

Nov 11 Nov 11 Nov 21 Nov 30

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ponding for dividend year

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last year

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0.606 0.75 5.2 2.75 17 1.5

bid speculation at Pearson Panel and the Stock Exchange. The deal would dilute News International's holding to under 19 per cent, and increase to perhaps as much as 40 per cent the proportion of shares held in hands friendly to the

**Reed approach sparks fresh** 

Pearson board. "Complaint is probably the wrong word," commented Charterhouse. "Wa have asked both bodies to give us their views in the light of news about the Reed discussions."

about the Reed discussions." The query to the Panel con-cerns the possible question of a concert party among various shareholders, and whether this might have breached a signifi-cant level under the Takeover Code. The Panel inself declined, as usual, to discuss an individual case.

The Stock Exchange ques-The Stock Exchange ques-tion rests on whether the deal should be put to shareholders. This would normally only be required if it constituted a "major class one" transaction. According to Stock Exchange rules there are vari-ous tests in deciding how transaction should be classed transaction should be classed – comparing the size of assets transacted with existing assets, profits with profits, and so on.

Where the ratio tops 5 per cent the transaction is normally class two, when an announcement must be made; over 15 per cent, class one, when shareholders must be circu-lated; over 25 per cent, unjor class one.

· poly

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Hack

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Yesterday, Lazard Brothers, advising Pearson, said discus-sions with the Stock Exchange sions with the Stock Exchange before the announcement had established that the Elsevier deal would be a class two transaction. Although aggrega-tion of a series of class two transactions can prompt a requirement to circulate share-holders, the question of aggre-gating to form a "major class one" transaction does not arise.

Yesterday, a straw poll Yesterday, a straw poil among larger institutional investors suggested some gen-eral unease about protective deals but little heated concern about the Elsevier proposals in particular. "Inductrially, it seems a logical step," com-mented one large insurance company. However, another described "all sweetheart deals as rather suspect," adding that it would be examined care-fully."

### Cantors edges ahead to £2.33m

At the pre-tax stage, profits from Cantors rose only 4 per cent to £2.33m (£2.25m) in the 53 weeks ended April 30 1988. But the dividend is increased from 1.5p to 2.25p, with a final of 1.5p. Earnings were 11.77p (8.25p) excluding exceptional from Reebok attributed the fall to needok annouten the limit of pressure on gross margins: fuelled by rising raw material prices, the impact of the weak dollar on the cost of overseas sourcing and increasing labour costs in South Korea.

costs in South Korea. The pressure on margins should be alleviated in the fourth quarter, but Reebok expects full year earnings to fall to between \$1.40 (82p) and \$1.45 a share, compared with \$1.49 last year. Turnover of the group, are-tailer of general house furnish-ings, carpets and bedding, rose 16 per cent to £37.3m, while operating surplus soared 73 per cent to £32 m cent to £2.8m.

However, the variation in provision for deferred profit fell to £184,000 (£619,000) and there was an exceptional £74,000 mainly for potential losses on clearing stocks, whereas last time took in £466,000 surplus on sale of free-hold properties.

BOARD MEETINGS

The following comparise name notified came of acard meetings to the Stock Eachings Such meetings are usually held for the pur-pose of considering dividends. (Pitclai Indica-tions are not available as to whether, the dividends are interime or these or windy or dividends are interime or these and the sub-dividends are interime or these and the sub-dividends are interime or these and the sub-

TODAY Interina- Beautors' Group, Bennoes, Bow-thorpe, Clyde, Per, Cuestas Property, Devis (Godrey, Elsiwidt, Hott (Loseph), Kwik, Fit, Deents Group, Royal Soversign, Stienthight, Singer & Freidlander, Soversign Oil & Gas-

strong in the US and Quest makes about half its sales in programming service which Mr Brian McGillivray, provides specialised software services for major companies. Erskine's chairman, admitted yesterday that initially he had Erskine expects to integrate the laser printer companies acquired earlier this year with The balance of the company's sales are made overseas, 80 per cent in the Soviet Union to state agencies and industrial ministries Some 33.4 per cent of Quest's shares have already been com-mitted irrevocably to the Erskine offer. In the year to February 29,

Quest made £3.36m before tax on sales of £32.1m. Erskine ing of fax machines and photomade £9.2m pre-tax in the year to March 31, on sales of £108m. copiers. Mr McGillivray said

doubts about the value of the Russian business, However, Mr Fred Stirling, chairman of Quest, said: "The size of the enlarged group will mean that we will be able to take on big-ger and better deals in Russia," Quest's charge \_ valued Quest's shares - valued under the offer at 108p each rose 26 per cent from 82p to 103p yesterday, while Erskine started the day at 215p and slipped 14 per cent to 185p. Erskine is mainly involved in the distribution and servic-

group's canital About 40 per cent of Quest's sales are made in the UK, where it sells and maintains microcomputers. It also has a

44% advance

Thermal shares. It bought the maximum 29.9 per cent of Thermal shares in the market yesterday to add to the 16.1 per cent for which Mr Sykes and

participating in a management consortium which will pay TI £6.5m for Carbolite Furnaces TI is offering 222p in cash for

Paragon makes

This announcement appears as a matter of record only

BEAUTY INTERNATIONAL FRAGRANCES LIMIT and **CROMBIE EUSTACE LIMITED** 

have been acquired for a total of £17.4 million by EUROPEAN BRANDS GROUP LIMITED. a new company formed by a management buy-in team

Equity provided by THE CHARTERHOUSE BUY-OUT FUND

Banking facilities provided by THE CHASE MANHATTAN BANK, N.A., LOND

> Advisers to European Brands Group Limited were CHARTERHOUSE BANK LIMITED



July 1988

TED	to life assurance By Eric Short Hambros, the merchant bank and financial services group, has returned to the UK life assurance market with the official launch yesterday of Hambro Guardian Assurance. The group's previous foray into life assurance at the begining of the 1970s with Hambro Life Assurance under the leadership of Mr Mark Weinberger was one of the entrepreneurial success stories of the decade, though the bank itself was forced to cash-in on this success to cover its ship- ping losses. However, for this new ven- ture Hambros is taking a dif- ferent route. The new life company is a	Bryant Groupfin3.1Nov 3024.32.75*TOONYCennelia inv
	joint venture between Ham- bros's estate agency subsid- iary, Hambro Countrywide and leading UK composite Guardian Royal Exchange, with GRE putting up the 240m initial paid-up capital. The diversification by Ham- bros into estate agency operations has been another unqualified success. Pre-tax profits of Hambro Country- wide were up by one-third at the interim stage at £14.27m and Hambros holds 51 per cent of the company. Hambro completed over 70,000 house sales last year	This announcement appears as a matter of record only.
	and expects more than 80,000 this year. In over one-third of these sales Hambro Country- wide arranges the mortgages and the consequent means of repayment — in most cases	A controlling interest in Grampian Country Food Group Limited
ON	through a life contract. This latter feature provides another source of profit. But up to now the financial service consultants based at the Ham- bro Countrywide branches have, under the financial ser- vices regulations, been regre- sentatives of GRE. By setting up its own life company, Ham- bro Countrywide will get these profits direct instead of GRE.	has been purchased by the management
	The initial products from Hambro Guardian will be pri- marily mortgage related. However, it is an expensive operation setting up a life company. GRE, as well as pro- viding the administration ser- vices on a contract basis, has	Debt and equity financing for this transaction
	put up the required capital, the £40m being satisfied by the issue of 30m ordinary shares in Hambro Countrywide and 25m convertible shares. If GRE exercises its option to convert in 1991 it will provide	Canadian Imperial Bank of Commerce
	a further 243m capital. As a result, Hambros's equity holding in Hambro Countrywide has been cut to 51 per cent and would drop to about 47 per cent on conver- sion. GRE's holding has risen to 19 per cent and after con- version to about 24 per cent.	August 1985

### **UK COMPANY NEWS**

# Morgan rises to £18.7m helped by acquisitions

### By Andrew Hill

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AND WEETS

£2.33m

iOn

ACQUISITIONS helped boost Morgan Crucihle, industrial materials and electronics company, to record pre-tax profits of £18.7m in the six months to Juna 30, np 52 per cent on £12.3m in the equivalant period.

Sales increased to £219m, of which 77 per cent came from outside the UK, against £144m last time on 75 per cent from abroad. At average exchange rates the pre-tax figure would have been £1.3m higher. A fur-ther £500,000 was lost in redundancy and reorganisation

Last summer Morgan bought Holt Lloyd for 255m. The sub-sidiary, which produces Turtle Wax and other car-care conway and other car-care con-sumer products, contributed operating profits of about £4.3m (£4m) in the first half. Holt is part of Morgan's spe-cialty chemicals division, which increased profits from \$2.2m to \$5.3m £2.2m to £6.3m.

A second major new subsid-iary, Insulating Products Group (IPG), a manufacturer and distributor of high temper-

ature insulating bricks, made operating profits of about \$8.1m (£3.64m) from January 20, when the £37m acquisition was completed. This compared in the broad spread of Morgan undented hy advi with \$8.6m in the first half of 1987, under its previous US owners, McDermott International IPG's division, thermal ceramics, made £6.6m (£3.2m).

Profits at the carbon prod-ucts business advanced from £5.3m to £5.5m. Further at the electronics division where profits came down from \$500,000 to £100,000.

Technical ceramics suffered from UK defence cuts and a reduction in Australian state railways' spending on electrifi-cation. Profits were reduced from £4.3m to £4m, but Mr Bruce Farmer, group managing director, said he expected an increase in the division's contribution in the second half.

Earnings per share rose 15 per cent to 10.8p (9.4p) and an an interim dividend of 4.85p (4.6p) has been declared. about 10.

Mr Bruce Farmer's confidence in the broad geographical spread of Morgan's business is undented hy adverse exchange rates. He points ont that although the Americas account for 37 per cent of group sales, in the first half exports from the US manufacturing opera-tion increased by 50 per cent. Mr Farmer is also keen to expand further in the Far East and south-east Asia - Morgan has just negotiated its first joint venture in China. Meanwhile, fears that Morgan's com-ponents activities would

quickly stumble in a recession seem to be offset by the group's policy of adding tech-nological value to its basic products. Even the apparently humble crucible has to be maninfactured for more rigorous purposes than exposure to sixth-formers' bunsen burners. Forecasts of about £43m before tax in the full year would put the shares - down 1p to 243p yesterday - on a fairly unde-manding prospective p/e of

pany has also been experienc-

ing the benefits of a desire by

lawn owners to move away

oping its range of large and

small scale lawn mowers. The purchase of Steiner Turf

Equipment of the US holds promise for increased contribu-

tions, despite the dronght, while further expansion into Europe should boost economies by lowering exporting costs.The latest result was should for forects and majorie

ahead of forecasts and analysts have npgraded their outlook

for the year to £12.5m. This would place the company on a fair prospective p/e of 11.3, in line with the market.

lfico jumps 49% to £3m

interest. Beatreme, part of the rump of Beatrice Gronp which is now owned by E-11 Food Spe-cialities, is one of the largest food ingredient manufacturers in the US, with net tangible essets of \$35.5m and four fac-tories in Wisconsin and Ohio. It made trading profits of \$10.9m last year on sales of \$110m. \$110m.

interest.

products

convert milk by-products into food ingredients.

the drinks industry.

Earlier this week Kerry reported a sharp increase in

Philip Coggan looks at restructuring by builders' merchants confident that the construction boom has plenty of life in it yet. However, the stock market is less sanguine and the single figure p/e ratios commanded by building merchants' shares Something is stirring amidst the hags of cement and the tins of may have contributed to the lights the current hout of restructuring in the tradition-ally staid world of huilders' current wave of consolidation as managements seek to huy up competitors at bargain base-

Standing up against the "sheds"

ment prices. In the long term, merchant-ing mergers could be a smart defensive move to ward off the predatory attentions of the DIY retailers, the so-called "sheds". Some consolidation has already occurred. RMC Group, for example, owns both the Halls merchanting husiness and the Great Mills DIY chain; Wickes, the DIY retailer, of Hunter, the quoted timber merchanting subsidiary of

Hillsdown Holdings. In theory, the DIY "sheds" and the builders' merchants serve separate markets - the serve separate markers - the one aiming at the amateur enthusiast, the latter at the professional. The merchants claim that professional huild-ers have radically different requirements from their DIY counterparts.

Single figure p/e ratios contribute to the wave of consolidation as managements seek bargain basement priced acquisitions.

dence, the "sheds" do pose a challenge; if the merchants

prove too expensive or ineffi-cient, the professional builders will desert them. But until now, the merchants have kept their bold on the jobbing builder because of their prod-uct range, their greater willing-ness to extend credit and their expertise. The huilder is likely to get better advice from the local experienced merchant than from the callow youth at

Nevertbeless, the huilding merchants are well aware of the challenge of the "sheds". Jewson has weighed in with a TV campaign to increase brand recognition and Harrisons & Crosfield, the chemicals to plantations conglomerate, has rechristened its 137 outlets with the trading name Harcros.

The latter move, according to Mr George Paul, Harrisons' chief executive, was aimed more at the group's suppliers than its customers. "We were operating under 46 different trading names," be says, "and 1 don't think our suppliers recognized our selling power. In the merchanting business, your margins are just as dependent on the price at which you huy as on the price

large DIY operations, there is a lot of sense in consolidation in the huilders' merchanting sec-

Harrison & Crosfield picked up the Southerns-Evans timber



35

Oscar DeVille, chairman of Meyer International.

merchanting chain from Mag-net in June and plans to sell other huilding products through its newly acquired outlets. That is a move which fits in with the historical development of the timber merchanting sector.

Timber is a highly cyclical business and the merchants have tended to diversify to reduce their exposure to the downswing of the cycle. Meyer is a classic example of this strategy: only recently have Jewson's profits overtaken those from its forest products

Meyer's assault on Travis may well be an uphill task -directors and family interests owning 39 per cent of the equity are committed to the Saudell offer. But further mergers in the sector look

inveitable. If the hig players can squceze better prices out of their suppliers, the pressure on the smaller groups is likely to increase. And with merchants particularly sensitive to volume declines, any downturn in demand could create some forced sellers.



With leading estate agents such as

HAMBRO COUNTRYWIDE PLC

# RSJ advances 40% to £6.4m

Turnover increased from

\$43m to 48.35m with the grass machinery operations contri-bn ting \$44.95m (£36.19m). Reflecting the withdrawal from the low-yielding farm machin-ery business, turnover from that division slid to \$552,000

that division slid to £952,000 (£6.01m). Industrial compo-nents contributed £2.44m (£767,000).

Directors said that full bene-

fits of the farm machinery sale

would become more apparent in the next financial year with the full impact coming in 1990. Mr Dodsworth said the com-pany had decided to reduce its dividend cover following an

improvement in the cash posi-tion and also to narrow the gap between interim and final divi-

dends. As a result, the interim

is 75 per cent higher at 3.5p

among subsidiaries

### By Ray Bashford

RANSOMES SIMS & Jefferies, freed to concentrate on grasscutting operations by the dis-posal of its farm machinery business, boosted pro-tax profbusiness, boosted pre-tax prof-its by 40 per cent to 26.4m dur-ing the six months to June 30. Directors accompanied details of the interim results with the warning to sharehold-ers that they view Birmid Qualcast's acquisition last month of a 8.36 per cent stake in the company as potentially hostile. hostile.

Mr Bob Dodsworth, chief executive, said that there had been no discussions with the Birmid board since the pur-chase and that he was opposed to such a stake being held by a competitor.

Earnings per share advanced 26 per cent to 15.1p (12p) despite a sharp rise in the tax charge to £2.1m (£1.2m) as the company moved to a "more normal", rate after utilising Ransomes Sims & Jefferies benefits from previous losses

Financier raises stake in Tranwood to 16.5%

(2p).

· COMMENT

### By Philip Coggen

MR PETER RARL, the financial services and hostery financier, had another busy interests. day yesterday - resigning from two boards and increas.

Sales and profits advanced strongly at Industrial Finance and Investment Corporation in the year to June 30. The com-pany, which is involved in financial services, estate agen-The hosiery business was

Its main products include suack seasonings and cheese powders for food manufactur-ers, and own-label convenience foods for multiple retailers. Mr Hugh Friel, depaty man-aging director, said it would have taken Kerry about five years to huild such a range of thrives on bad weather. The past six months have been no exception. However, the com-

Kerry to

expand in

US through

\$130m buy

By Christopher Parkes,

Consumer Industries Editor

KERRY GROUP, Tralee-based

dairy and meats group, yester-day strengthened its presence

in the US with an agreement to buy Beatreme Food Ingredi-ents for \$130m (£77.52m). Kerry, a former farmers' co-operative which is quoted on London's Unlisted Securities

London's consisten securities Market, will pay \$80m on com-pletion next month. The balance, due in April 1991, will be paid in the form of a promissory note for about \$84m, reflecting principal and interest

Last year the company paid about \$10m for a processing plant in Jackson, Wisconsin, which has been adapted to

from so-called "bovver" equip-ment to up-dated, higher priced equipment. Stripped of the farm machinery division, the company is concentrating, with increased force, on devel-Six months ago it bought Primas Foods of Illinois, a sup-plier of chocolate powders for

pre-tax profits for the first half, up from I£1.44m to I£4.41m (£3.77m).

Sandell is largely based in Lon-don and the south-east whereas Travis is concentrated on the midlands and the However Meyer, which had its bid rejected by Travis last week, is claiming that Meyer-Travis would be the largest UK

All three groups have been able to report healthy profit increases in recent years as they have benefited from the boom, not only in the construc-tion market but in bome refur-

creosote. The current three-way bid battle involving San-dell Perkins, Travis & Arnold

and Meyer International high-

Last week, Sandell and

Travis announced an agreed merger - only for Meyer to upset the applecart two days later with a higher bid for the

latter group. Whichever of the two combinations is created, the effect will be further to increase the concentration of

the annual £5.5bn builders'

merchanting market in the

merchanting market in the hands of a few large players. Excluding Wolseley, which mainly operates in the speci-alised heating and plumhing market, the largest operators are generally agreed to be Gra-hams (owned by BTR), UBM (part of Norcros), Crossley Fer-guson (in Bowater Industries) and Meyer, through its Jewson subsidiary. A combined Sandell and

A combined Sandell and Travis would be in the top

rank with the others. The

groups claim geographic, as well as industrial, logic since

merchanting.

bishment. The merchants, like the building sector as a whole, are

merchant, with a greater geo-graphical spread than a San-dell-Travis combination.

Despite the merchants' confito

customers. Trade sales now account for less than 40 per cent of Magnet's total.

When Magnet decided to shift its selling emphasis from supplying the trade to supply-ing the public, the initial effect was to drive away its huilder was to drive away its huilder

ing his stake in Tranwood, the quoted financial services

group. Sloane Corporation, a com-pany controlled by Mr Earl, is hnying 7.32m shares and 862,000 warrants in Tranwood

862,000 warrants in Tranwood from Ifincorp, a Luxembourg-based venture capital group. The deal ends the associa-tion between Ifincorp and Mr Earl, which started when the Luxembourg group backed Mr Earl's merchant banking ven-ture, appropriately named Ifin-corp Earl in 1985. Sloane will now own 16.5 per cent of Tranwood, which acquired Ifincorp Earl last year. Since then, Tranwood has been demerged into its

### Rivoli Cinemas

**Rivoli** Cinemas lifted pre-tax profits by nearly 11 per cent to £342,332 in the year to April 5 1988, compared with £309,651.

1506, compared with £309,651. The directors are proposing to lift the single final dividend to 123p (110p), while earnings per 50p share rose from 108p to 122p after tax of £97,551 (£92,455).

Turnover for the company, which has interests mainly in entertainment and ancillary activities and investment holding, amounted to £271,734 (£242,525).

Stonehill. But Mr Earl said the resigna-tion reflected his intention to withdraw gradually from all his non-executive director-ships. He remains, for the moment, a non-executive direc-tor of Benlox Holdings, the group which unsuccessfully hid for Storehouse last year. Metsec improvement Gabicci, USM-quoted designer

Gabicci, USM-quoted designer and importer of casualwear, reported a record result with pre-tax profits more than dou-bled from £1.09m to £2.45m in the year to June 19 1988. Turnover grew by 69 per cent to £24.5m and earnings per share were 14.7p (11p). An increased final dividend of 2.6p makes a 4p (3.3p) total. The company's first formal woven shirt collection had met with success, and sales for spring 1989 had started com-fortably above last year.

renamed Bear Brand and Mr cies and nursing homes, pro Karl announced yesterday that he was leaving the board of that company. His departure poses to change its name to lfico.

inco. Sales rose from £8.33m to £11.89m and pre-tax profit by 49 per cent to £3m (£2.01m). The chairman said the high tax charge of £1.31m (£684,000) related substantially to unre-lieved losses of subsidiaries, two of which had been sold. that company. His departure from the board of Stonehill Holdings, the furniture manu-facturer and property group, was less expected. Ifincorp Earl put together the financial package which brought in Mr James Buch-anan, the present chairman of Stonehill

An extraordinary credit of £946,000 (£9,000) consisted of 5096,000 profit on the sale of subsidiaries, a £742,000 loss on the sale of a subsidiary and £992,000 tax relief upon the liquidation of a subsidiary.

Earnings rosa to 6.86p (6.27p). The proposed final divi-dend of 2.5p makes a total of 4p (3p).

### Gabicci record

Stonehill

# Metsec, USM-quoted structural Metsec, USM-quoted structural componants and systems maker, lifted pre-tax profits from £903,000 to £1.28m in the first half of 1988. Turnover rose from £11.24m to £24.89m, resulting partly from the inclusion of Thomas Vale for the first full period. The building and construc-tion market was buoyant and a successful second half is antici-

successful second half is anticipated. The interim dividend is 1.85p (1.6p) from earnings of 6.3p (4.55p).

# EIS up to £4.6m at halfway

By Clare Pearson

EIS GROUP, specialist and high-technology engineering company, yesterday announced its 26th consecutive increase in half-year pre-tax profits. These rose by 12 per cent from 24.13m to £4.62m in the six months to June 30

Mr Peter Haslehurst, chief executive, said all companies had performed profitably and most had improved on the first half last year.

Following the \$8.54m (£5.09m) acquisition earlier this month of Stokes Vacuum, a supplier of high-vacuum pumps and systems, from phmps and systems, itom Pennwalt Corporation, EIS continued to look for expan-sion opportunities around the world, Mr Haslehurst said. Although purchases have recently been made in West

Germany and Italy, he said EIS had a traditionally strong pres-ence in Coutinental Europe so 1992-related acquisitions were not priorities.

Cash balances at the interim at 35 consecutive half-yearly

stage were not given, but they stood at £13m at the last year-end. The initial consideration for Stokes Vacuum, which sup-plies high-vacuum pumps and advances: a record of which it is so proud it seems inconceiv-able it could ever do anything anie it could ever do anything rash. It eyed np Stokes Vac-uum, its first significant acqui-sition since 1984, with \$27m worth of sales, for ages before taking the plunge. The indus-trial fit with Hick Hargreaves, the vacuum generating subsid-

lower 38 per cent tax charge, earnings per share came out at 12.22p (10.94p). An interim divi-dend of 2.45p (2.2p) is proposed.

the vacuum generating subsid-iary in the UK, is glaringly obvious, and even though Stokes Vacuum was in loss last year EIS followers are confi-dent it will make a positive contribution even in the last quarter this year. After that, the prospects for this area of There was no profits break-down, but Flexibox, the fluid seal and power transmission coupling division which has 15 overseas subsidiaries, was the prospects for this area of EIS's activities could get quite exciting. Full-year pre-tax prof-its of about £3.5m in sight, putdescribed as performing well in spite of the unhelpful exchange rate. The aircraft and precision engineering division saw strong demand from the aeroting the shares on an entirely justified prospective p/e of just over 11. Shareholders keen on space industry. · COMMENT KIS Group is the kind of com-pany that makes investors feel

over 11. Shareholders keen on safety should not even contem-plate selling; and another major acquisition - which is possible though not probable assuming EIS still has £4m or more in cash - would doubt-less be well-received. cosy. Apart from one set-back in the 1970s, it is now looking

Abbotts, Bairstow Eves, Bridgfords. Dixons, Mann & Co and Taylors, over 500 High Street offices, Hambro Countrywide is the growing force in

property.

Around 70,000 houses were sold in

1987, worth almost £4 billion.

Mortgages arranged totalled £825

million.

Now with the launch of Hambro

Guardian, the force grows.

Home buyers will choose from a full range of mortgage-related life

assurance products.

Advised by a team of 400 financial

consultants.

Backed by capital of £40 million.

Hambro Guardian is the new force

for life.

HAMBRO COUNTRYWIDE PLC, 01-702 108L, HAMBRO GUARDIAN ASSURANCE PLC, 01-702 9961, 41 TOWER HILL, LONDON EC3N 4HA Hambro Guardian has applied for membership of LAUTRO

INTERIM RESULTS. SEPTEMBER 6th 1988		
Pre-tax profit: Up :	33% to £.14.3 million	
Earnings per share:	Up 23% to 3.92p	
Interim Dividend:	Up 29% to 1.10p	



### systems, was 22.5m. Turnover rose to £50.32m (£42.74m). After a marginally

THE REALLY USEFUL GROUP plc

# PRELIMINARY RESULTS

36

FOR THE YEAR ENDED 30TH JUNE 1988 (UNAUDITED)

* PROFIT BEFORE TAX	£6,193,000
★ EARNINGS PER SHARE	34.9p
* DIVIDEND	15.0p

### EXTRACT FROM THE CHAIRMAN'S STATEMENT

"I am pleased to announce a profit before tax of £6.2 million for this year, an increase of 7.6% from last year's £5.7 million. This increase is due principally to the continuing success of the Group's theatrical productions, most specifically Phantom of the Opera and the Japanese tour of Starlight Express.

... Among our other businesses, The Really Useful Picture Company produced encouraging profits and unit sales of the Phantom recording have now exceeded 1,700,000 throughout the world.

... The Board is confident that the Group's theatre productions, current and planned, will continue to provide a growing stream of profits and that non-theatre activities will begin to make an important contribution to results."

> The Rt.Hon.the Earl of Gowrie, PC London, 19th September 1988



FINANCIAL TIMES TUESDAY SEPTEMBER 20 1988

Tax took £749,000 (£4.48m).

Earnings per share fell from LSSp to 0.42p and the interim dividend is unchanged at 1.2p.

O COMMENT

year is about 1225m.

**Brent Chemicals** Share price relative to the

FT-A All-Share Index

1986

1987

defence industries certainly

ting up as to 7 per cent far volume increases, and 5 per cent for price rises. Neverthe-

less, the recent preference

share issue is likely to hold

back earnings growth; and with some downgrading of

110

100

1.47.000073.0000.000

## **UK COMPANY NEWS**

# Waterford back in profit as restructuring pays off

Operating profits fell from £15.16m to £13.49m. But the pre-tax result showed the

By Clare Pearson

BRENT CHEMICALS, diversified speciality chemicals group, increased pre-tax profits by 12 per cent to £5.1m in the first of 1988.

Turnover improved from £36.07m to £39.65m. The com-

pany said the underlying sales growth was 12 per cent, after stripping out the 2 per cent increase provided by acquisi-

and demand is strong

### By Fiona Thompson

THE WATERFORD Glass for the first four months we Group returned to the black were rebuilding our craft were rebuilding our craft group retained to the black yesterday with the announce-ment of pre-tax profits of lf2.5m (f2.15m) for the six months to June 30. The out-come is sharply down on prof-its of lf2.20sm for the first half of the announce the but outteams. It was early July before we reached the standard rate of production. The restructuring has been an extremely heavy burden but now we are beginning to achieve the performance we foresaw." China contributed profits of £11.49m (£11.71m) on sales of £84.88m (£89.51m). In addition of the previous year, but an improvement on the 1987 full year loss of IE10.3m.

The Irish company, which owns the Wedgwood china con-cern, carried out a major to the shop-in-shop outlets, two of the key Waterford Wedg-wood stores in London have restructuring last year, cutting the number of employees in been refurbished. There are now seven US outlets and five the crystal division from 3,000 to 2,100 and introducing new now seven US outsits and hve in the Far East. Mr Hayes said Wedgwood had proved to be an outstanding acquisition. John Hinde, printing and postcard subsidiary, made profequipment and working prac-tices. Crystal production costs have been cut 20 per cent. its of £800,000 (£800,000). It has since been sold for £5.7m.

Gronp tnrnover was £135.46m (£131.28m). Of this, crystal sales rose from £33.81m to £38.43m, although crystal operating profits fell from £2.07m to £1.18m. "We did not have all the

much wider drop due to an exceptional debit of 26.1m (nil), representing final costs of restructuring, and interest charges of £4.89m (£3.13m). we did not have an the skills in the right place follow-ing the restructuring and vol-untary redundancies," said Mr Paddy Hayes, chairman, "so

**Streamlined** Brent Chemicals up 12% Holmes on the trail to

expansion By Andrew Hill

HOLMES PROTECTION Group, the New York-based electronic security company listed in London, increased pre-tax profits from \$7.05m to \$7.31m (£4.36m) in the six months to June 30. The central burglar alarm monitoring station in Manhat-tan was now fully operational.

Delays in relocating the stations it was supposed to replace cut Holmes' profits in the second half of 1987 to \$5.35m and reduced the full-year profits by 10 per cent. Mr Brian O'Connor, chair-

increase provided by acquisi-tions, and adding back in about £200,000 for the adverse effect of exchange rates. Mr Steve Cuthbert, chief executive, said the second half had started encouragingly, with demand strong Following two US acquisi-tions this summer, the elec-tronic industry's share of Breut Chemical's sales is expected to rise to 15 per cent by the end of the year. During the first half, electronics accounted for 12 per cent, civil aviation 16.5 per cent and packman, said improvement in the operating and financial report-ing systems since the end of 1987 produced the desired effect, hut Holmes had been advised it would be vulnerable aviation 16.5 per cent and packaging 25 per cent. Mr Cuthbert said the-com-pany, which last month raised to a bid until the full-year figures demonstrated the benefits about £12m via a preference of the reorganisation. He added that takeover specshare placing, was now hoping to strengthen its base in West Germany through an acquisi-tion. It was also looking across continental Europe at suppli-ers of electronics chemicals, and waited to add another He added that takeover spec-ulation was hardly surprising given Holmes' recent history. By, the end of 1988 Holmes should have closed the remain-ing fully-manned central moni-toring stations, reducing staff-

and wanted to add another supplier to the packaging ing costs. Mr O'Connor said the group was also planning to sell its operation in Miami, and industry.

Earnings came out at 6p

difficult for the company to get into growth areas quickly enough. The strategy estab-lished a few years ago of build-

ing up sales to the packaging, minted circuit board manufac-turing, and aerospace and

PCT Gronp, USM-quoted developer and marketer of power tools, lifting and weld-ing equipment, achieved a 69

per cent rise in taxable profits to £376,000 in the first half of

1988. Turnover rose by 9 per

The interim dividend is lifted

PCT 69% ahead

cent to £8.94m.

to 1.9p (1.6p).

Cats again tops bill at Really Useful

### By Flona Thompson

Mr Andrew Lloyd Webber's The Really Useful Group yesterday reported pre-tax profits ahead from 55.76m to 56.2m for the year to June 30 1988. Turnover rose from \$21.71m to

it is really going to be 1969 before the effects of the restructuring work their way through to the bottom line at Waterford. Some optimists may £24.41m.

124.41m. Theatre production and theatre management (the Pal-ace Theatre) accounted for 90 per cent of both turnover and profits. Cats, with its many productions world-wide, was again the biggest contributor to profits. It produced £4.8m. representing 50 per cent of gross profits. Starlight Express contributed £1.7m and Phantom of the Opera have thought it was just a question of installing new machines and pressing the but ton, but clearly the reforming of craft teams is not something that can be done overnight. The moves to get production costs down were inevitable given the company's depen-dence on US markets - about Phantom of the Opera 2500,000. dence on US markets - about 66 per cent of Waterford's out-put ends up on North Ameri-can tables - but it is to be commended for taking it on the chin. Wedgwood has clearly been the savior in this half. The shares closed Sp off last night at 102p. Analysts are expecting a better second half and the forecast for the full wear is about 1925m

Phantom, which opened on Phantom, which opened on Recodway in January, is gross-ing 2130,000 per week at the box office in London and \$500,000 (£298,000) per week in New York. A production in Vienua is scheduled to open this year, with Los Angeles, Turonto and Hamburg set to follow.

The Palace Theatre, which continued to benefit from the hugely successful Les Miserahles, generated more than £1m

major musical, Aspects of Love, is scheduled to open in London next spring. The Really Useful Record Company has completed a deal with Polydor Records guaranteeing it an unprecedented film advance for the album record rights to the musical.

Of the non-theatre interests, The Really Useful Picture Company, which makes televi-

company, which makes televi-sion commercials and business films, produced profits. The three other businesses – the record company, Aurum Press and Interactive informa-tion Systems – were not in profit this year, but the board said it was confident that these activities would begin to make an important contribu-

tion to results in due course. Mr Brian Brolly, group man-aging director, yesterday hailed the recent anniounceseems to be going according to plan. There is encouraging underlying sales growth, with the 12 per cent advance splitment that Aurum was to pub-lish the autobiography of Lord Whitelaw, former leader of the House of Lords, as a major

Group interest receivable of \$439,000 in the latest period compared with \$501,000. The tax charge was £2.38m

forecasts going on, there seems forecasts going on, there seems fittle reason to get extited about the shares. Assuming pre-tar profits of 51125m for the full year, the prospective p/e is under 11. Karnings par share rose from 31.8p to 94.8p and a final disidend of 16.5p was recom-mended, making 15p (13.25p)

prospect of geographical expansion – adding small operators to the system quite easily, and so pushing up reve-nne. Some benefits of the group's centralisation strategy will probably be seen in the full-year figures, for which analysts are forecasting profits of at least \$16m before tax. This would put the shares on a modest prospective multiple of between 8 and 9, depending what view one takes on yearend exchange rates. **Delaney** purchase Delaney Group, furniture maker and distributor, has agreed to acquire Display and Shop Equipment Group, Birmingham, and two connected companies for an initial £3m. Further consideration to a maximum total of £5m depends on future profits. For the half year ended June 30 DSE made aggregated prof-its of £295,000 pre-tax on a turnover of £2,43m. Vendors have warranted profits of \$485,000 for the full year. Delaney also reported that its pre-tax profits for the same half year had risen from £1.16m to £1.28m on turnover f2m ahead at f11.33m - com-parisons have been restated. The interim dividend is raised to 1.3p (1.1p) from earnings of 5p (4.7p).

is increased to 1.25p (1.1p). **OCOMMENT** 

TREASURY **OFF BALANCE SHEET** Brent Chemicals displeased the City with its 1987 results, which were hit by a number of special factors, and there was no delight after these numbers. Perhaps this persistent displea-sure merely arises because it is SEE OUR **ADVERTISEMENT IN THE** INTERNATIONAL COMPANY

### ASTRA TRUST PLC

**NEWS SECTION.** 

FOREIGN EXCHANGE

### Annual General Meeting

The Annual General Meeting of Astra Trust PLC will be held at the Connaught Rooms, 61-65, Great Queen Street, London, WC2 on Wednesday 28th September 1988, at 11.00 a.m.

Due to the postal disruption, copies of the Report and Accounts despatched on Friday 2nd September may not have yet been received by Shareholders. Additional copies are available for collection from the Company's offices at St. James Mews, 16, Horse Fair, Birmingham and 96/98, Baker Street, London.

rtisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to the public to subscribe for or purchase any shares. This advertis

### SCANTRONIC HOLDINGS PLC

(Incorporated in England Registered No. 1771935)

### **RIGHTS ISSUE**

### of 9,818,804

7.25p (net) Convertible Cumulative Redeemable

Preference shares

of 20p each

### at 100p per share

The Council of The Stock Exchange has admitted the new shares mentioned above to the Official List. Details relating to Scantronic Holdings PLC and the new shares are available in the statistical services of Extel Statistical Services Limited. Copies of the Listing Particulars may be obtained during usual business hours on any weekday (Saturdays and public holidays excepted) up to and including 10th October, 1988 from:

Scantronic Holdings PLC Perivale Industrial Park, Greenford, Middlesex UB6 7RI

**Barclays** de Zoete Wedd Limited Ebbgate House 2 Swan Lane,

Company Announcements Office The Stock Exchange, 46-50 Finsbury Square, London EC2A 1DD

20th September, 1988

London EC4R 3TS

(up to and including 22nd September, 1988)

NORTH AMERICA

Sales 1.831m, up 26%

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**REST OF WORLD** 

Sales £291m, up 17%

# All the world's markets respond to our treatment.

EUROPE

Sales £937m, up 13%

Glaxo Holdings p.l.c. reports another very good year.

For the eighth consecutive year, turnover, profits and earnings per share have shown substantial improvement. Our growth has been faster than the industry average, so we have moved from 4th to 2nd place in the world ranking of pharmaceutical companies.

This success is built on two key strengths: the effectiveness of the medicines in our portfolio, and the ability to market them successfully all over the world.

The record of the medicines speaks for itself. Our branded form of the anti-peptic ulcerant, ranitidine, is now the world's biggest selling prescription medicine and the only one with sales of over £1 billion: it continues to increase its share of world markets. Our respiratory products and our antibiotics, too, continue to show rapid growth.

But only when you examine their successes in international markets will you appreciate the real breadth of Glaxo's achievements.

North America now accounts for 40% of our sales. Glaxo has been the fastest-growing pharmaceutical company in the US for seven years running, and last year sales exceeded \$1 billion for the first time.

In the UK, Glaxo is not only the market leader, but our market share is continuing to grow.

Our markets in Europe and Japan continued to show excellent sales increases.

Demand grew strongly in the developing economies of South-East Asia, in Australasia, in the Middle East, and even in Eastern Europe where political reform and economic revival are creating new opportunities.

You might imagine that effective medicines will naturally find success all over the world. Nothing could be further from the truth. Glaxo's success stems from a very particular international emphasis on achievement, not only in the laboratory, but also in the marketplace.

As new products emerge, one important reason for our great

confidence in the future is this: Glaxo companies all over the world are ready to ensure that they achieve their full potential.

FINANCIAL HIGHLIGHTS YEAR TO 30TH JUNE 1988	1988 Upsudited	1987	% increase
Turnover	£2059m	£1741m	18
Trading Profit	£764m	£695m	10
Profit Before Tax	£832m	£746m	12
Earnings Per Share	7 <b>7.1</b> p	67.0p	15
Dividends Per Share	<b>25.0</b> p	19.0p	32
Research and Development.	£230m	£149m	54
Capital Expenditure	£275m	£193m	42

Copies of the 1988 Annual Report and Accounts of Glaxo Holdings p.Lc. will be available in November from: The Secretary (FT), Glaxo Holdings p.Lc., 61 Curzon Street, London W1Y 7PA.

The contents of this advertisement, for which the Directors of Glaxo Holdings p.l.c. are solely responsible, have been approved for the purposes of Section 57 of the Financial Services Act 1986 by an authorised person.



# WORLD LEADERS IN PHARMACEUTICALS

All-round

MPROVED sales in all

sales rise

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#### **UK COMPANY NEWS**

# Bryant profits surge to £50m

#### By Clay Harris

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DOUGLAS

ANNUAL

**GENERAL MEETING** 

28th September 1988 at 12.00 noon

Extraordinary General Meeting immediately thereafter

Shenstone House, 395 George Road, Erdington, Birmingham

Because of the recent postal dispute some Shareholders may not have

received our 1988 Annual Report and Financial Statements which were

Please note that the above arrangements in respect of this year's Annual

Copies of the 1988 Annual Report and Financial Statements are available at

The Registered Office, 395 George Road, Erdington, Birmingham B23 7RZ.

Hichens Harrison & Co., 43/44 Bell Court House, 11 Blomfield Street,

Margetts & Addenbrooke, 38 Great Charles Street, Birmingham B3 3JU.

Subject to Shareholders' approval, dividend warrants will be dispatched a::

The Group has reported

**RECORD RESULTS FOR THE YEAR ENDED 31st MARCH 1988** 

Year ended

31st March 1988

£182m

£6.01m

27.1p

4.25p

General Meeting and the Extraordinary General Meeting will stand.

the undermentioned addresses and will be available at the AGM.

Walter Judd Ltd., 1a Bow Lane, London EC4M 9EJ.

soon as postal services allow following the AGM.

dispatched on 5th September 1988.

London EC2M 1LB.

TURNOVER

PRE TAX PROFIT

EARNINGS PER SHARE

**DIVIDENDS PER SHARE** 

BRYANT Group, the Midlands-based housebuilding and construction company, increased pre-tax profits to £50.1m in the year to May 31. 76 per cent ahead of the £29m Group turnover rose 29 per cent to £259.7m, of which homes accounted for £170.5m, construction £67m and prop-

erty £22.2m. Housebuilding contributed about 75 per cent of operating profits of £48.6m, with property and construction accounting for undisclosed proportions of the rest.

he rest. Mr Chris Bryant, chairman, Mr Chris Eryant, chairman, said the housebuilding side had experienced "another splendid year." He was particu-larly satisified to see a strong resurgence in demand in Bryant's original area of activ-ity, the West Midlands. House calor were child area by grant sales were split nearly evenly between central and southern England. During the year, Bryant sold

back on land purchases because of what it considered

because of what it considered to be inflated prices. As a result, gearing fell from 13 per cent to 12 per cent by the year end, and interest pay-ments dropped to £400,000 (£1.7m). Since May 31, how-ever, Bryant had stepped up its land purchases, raising current gearing to 30 per cent. The Pavilions retail develop-ment in the centre of Birming-

in profits in the year. This leaves at least £5.5m to come, based on Bryant's forecast dur-

Pennant plans Bay sale

By Graham Deiler PENNANT PROPERTIES, formerly Country and New Town Properties and now 49.9 per cent owned by Pennant Holdings of Australia, has begun proceedings to sell its unhappy investment in Bos-ton-based Bay Financial Corpo-ration. ration.

taxable profits of £8.1m, against a restated £6.35m for the year to January 31 1987, the group revealed that it had commenced negotiations to sell its holding in Bay to John Holland, construction associate of Pennant Holdings.

carrying costs. A charge of £12.76m to write down the investment to its stated fair market value was taken below the line. Gearing would fall to around 75 per cent following the sale, he added.

raise the total by 56 per cent to lifts Memec

Ernest Green

Turnover cama to £8.16m

all offices were working at full

Easthome purchase

Easthome, expanding East

Anglian housebuilder, has acquired TH Blyth and Sons, a small private Norfolk-based

building construction com-pany, for an undisclosed sum. Blyth has been operating in the area since 1873. All 48

thome managing director, said the company's sim was to

to over £2m

advances

sector.

capacity.

#### . COMMENT

IMPROVED sales in all geographical areas enabled Mamec (Memory and Elec-tronic Components) to push up its profit by 27 per cent in the six months ended June 30 1988. This distributor of electronic components and microward Until recently, Bryant was on the fringe of the hottest res-idential property market and was playing catch-up to chift its focus towards the south-east from the unfashionable components and microprocescomponents and microproces-sor systems showed turnover up by 27.5% to £40.43m (£31.7m) and a pre-tax profit of 54.1m (£3.2m). Earnings were 9.74p (6.98p) and the interim dividend is lifted to 1.4p Midlands. By yesterday, it was boasting that it had no expo-sure at all inside the M25, London's orbital motorway. Indeed, Bryant appears to have positioned itself just right for the shakier housing market in immediate prospect - with immediate prospect — with limited exposure to first-time buyers and none in overheated London. Assuming pre-tax profits of £58m, the shares stand on a prospective p/e of 7 and are as attractive as any in the sector. Moreover, by increasing cover for 1987-88, Bryant has left itself healthy leeway to give dividends a kick when earnings growth slows.

(1.125). The directors said expansion continued and the second half started with order backlogs at record levels and with all geo-graphical areas in profit.

Blue Arrow buy

Bine Arrow, the world's largest employment agency, is buying Roco, a recruitment agency specialising in the supply of heavy goods vehicle drivers. Roco, which will become

heavy goods vehicle drivers. Roco, which will become part of Blue Arrow's Extrastaff operation, made pre-tax profits of £249,000 on turnover of £2.9m last year. The initial con-sideration will be £1.6m - £1m in cash and the rest in Blue Arrow shares - with further. payments dependent on future profits.

#### Yelverton loss

Reflecting expansion geographically and in the range of services, Ernest Green and Partners Holdings lifted its turnover 51 per cent and pre-tax profit 38 per cent and pre-tax profit 38 per cent-in the year to June 30 1988. This USM quoted group operates as a consulting struc-tural and civil engineer. The main subsidiary derived half of its turnover from a wide range of both projects and cli-ents, and half from the retail sector. Yelverton Investments, USM-quoted investment com-pany, swung from profits of 222,696 to losses of £2.793 pre-tax for the half year ended April 30 1988. Loss per 5p share of 0.08p compared with previ-ous earnings of 1.24p. At April 30 net asset value per share totalled 46.1p (42.5p).

Turnover cana to £3.16m (£5.39m) and profit to £2.16m (£1.62m). With earnings up to 18.4p (14p) the final dividend is 3p for a 4.75p (4p) total. Mr David Legg, chairman, said prospects were good. Order book was a record and all offices were working at full Huntleigh doubles

Huntleigh. Technology, USM-quoted maker of instru-mentation and control systems, raised pre-tax profits from \$138,000 to £277,600 in the first half of 1988. The result was achieved on turnover ahead 25

per cent to 55.64m. Interest payable doubled to £105.000 and after tax of £79.000 (E49,000), earnings advanced to 2.39p (1.11p) per 5p share. There is no interim dividend (0.5p).

#### Conder at £1.75m

Strong organic growth together with a first-time contribution from Elemets enabled Conder Group, property developer, to hit, its profits from £1.01m to £1.75m pre-tax for the half year to June 30.

Turnover rose to £78.84m (£55.31m).

Earnings amounted to 19n

motor dealer, revealed tarable profits of £511,000, up from £405,000, in the six months to end-July. The outcome, achieved on

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turnover of £24.46m (£22.25m), demonstrated the stability of the quality car market — Jacks franchises include Jag-Jacks franchises include Jag-uar, BMW and Mercedes — and the directors expect demaind to remain sirong for the rest of the year.

the area since 1873. All 43 employees will be retained. Basthome was itself acquired more than two games ago by Merivale Moore, the London-Desed "Noperty. devel-oper, and investor." Merivale recently, announced a 52 per cent rise in pre-tax profits to 59.6m on sales of 530.5m. Mr Charles Duthie, Eas-thome managing director, and An interim dividend of 0.9p (0.8p) will be paid from earn-ings per share of 3.16p, up from 2.72p-last time

Armour Trust rises

Armour Trust showed a near 26 per cent increase in profit to £1.5m, in the year ended April

Sales improved 41 per cent to £15.57m. Barnings per share were 7p (5.6p) and the interim dividend is 1.66p (1.33p). Jacks up midway William Jacks; Berkshire-ba

cent of Bryant. Earnings per share advanced 65 per cent to 16.2p (9.8p). A final dividend of 3.1p (2p) will

Colorgraphic

Strong demand throughout its

operations enabled Colorgra-phic Group, USM-quoted direct response market printer, to lift

ahead 63%

in first half

plots during the year, although sites held by associate compa-nies rose to 2,300 from 1,300. Mr Bryant said the group had held

ment in the centre of Birming-ham contributed £7.5m (£3m)

Chris Bryant - housebuilding had another splendid year ing its successful bid defence against English China Clays in 1987. ECC still holds 29.9 per

now has in place the manage-ment, resources and associations necessary to meet clearly defined objectives." Rental income rose to £12.13m (£9.55m). Earnings per 10p share were 18.2p (8.4p) and a proposed final dividend of 2p makes 2.7p (2.25p)





Year end results to 31 May 1988

£260m up 29% Turnover

Increase over

Year ended

31st March 1987

+ 27%

+ 35%

+ 66%

+42%

Profit before tax	£50m	up 76%
Earnings per ordinary share	16.2p	up 65%
Dividend per ordinary share	4.3p	up 56%

# How on earth can we follow up success like this?

# Quite simply...

... by proving yet again that it 'pays to invest in quality." And doing so by applying innovative and dynamic management right across our three divisions.



Homes - Properties - Construction

Head Office: Bryant Group plc, Cranmore House, Cranmore Boulevard, Solihull, West Midlands BS90 4SD. Tel: 021-711 1212

"This advertisement has been issued by Bryant Group plc, and has been approved by Robert Fleming & Co. Limited, a member of the Securities Association."

30 1968, and has made a posi- tive start to the current year. Mr Andrew Balcombe, chair- man, said the group was well positioned in its markets —	build 400 houses per year in (11.5p) at	nd the interim divi- sing lifted by 1p to 3p
automotive accessories, confec- tionery, and electronic compo-	POSTAL DELAYS	S
nents — and trading conditions were currently encouraging. He looked for another period of	Attention	
significant progress. Turnover in the year rose 24 per cent to £19.33m (£15.62m). With earnings at 4.5p (3.4p) the final dividend is 0.709p for a	Arley Holding	and a second second second
total of 0.909p (0.606p).	Rights Issue	
Rural climbs 39% The confident note in the chairman's statement in May has been borne out by interim results of USM-quoted Rural	The latest time for acceptance and payment Issue of new Ordinary shares in Arley Holding Monday, 26th September, 1988. Complete ment latters together with remittances are du Fenchurch Registrars Limited, 8-16 Earl Sm	in full for the Rights PLC is 3.00 pm on ed provisional allot- le to be received by
Planning Services. These show a 39 per cent pre-tax profits rise from £238,600 to £331,649, on turnover almost doubled at £1.03m, against £538,000. Earnings per share increased 37.5 per cent from 2.4p to 3.3p and there is an interim divi- dend of 1p - last year's single	2DY by that time. Due to current postal delays, certain shareho received their provisional allotment latters. A wish to take up their rights are requested to or Fenchurch Registrars Limited on 01-247 564 3658) for details of their entitlements under and/or how they should proceed in order entitlements.	Nders may not have Il shareholders who ontact Gerald Slack, 14 (Fax no. 01-247 ar the Biothe Issue
final was also 1p.	17th September, 1988	
No shares are being sold in connect any person to subscribe for or pure	a with the requirements of the Council of The Internationa tion with this Introduction and this notice does not constitu chase shares. The Council of The International Stock Excha al of the Company to the Official List.	to an Institution to
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	GOODHEAD GROUP	
	under the Companies Acts 1948 to 1981. Registered No. 17	94199)
	NTRODUCTION TO THE OFFICIAL LIST SPONSORED BY SCHRODERS	
Authorised	Share capital	leenad
£ 6.310.000 3.690.000 7 per cent. Conve	Ordinary Shares of 20p sach. rtible Cumulative Redeemable Preference Shares of £1 sach	£ 2,586,759 3,690,000
10,000.000		8.276,759
The Company is the holding company Print Publish	my of a Group which has interests in the following areas of a	ctivity:
Listing particulars relating to the C listing particulars may be obtained	Longany have been circulated in the Extel Statistical Servi during normal business hours up to and including 22nd Sepi a of The International Stock Exchange, 46,50 Finchus Servi	ces. Copies of the ember, 1988 from are, London EC2A
Schroders.	james Capel & Co.,	
120 Cheapaide. Loudon EC2V 6DS	James Capel House. 16 Lincolu's I 6 Bevis Marks. London WC2. London EC3A 7JQ	nn Fields, A 32D
		h September, 1988

هلذا مسرالأجل

FINANCIAL TIMES TUESDAY SEPTEMBER 20 1988

## CURRENCIES, MONEY AND CAPITAL MARKETS

#### FOREIGN EXCHANGES

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#### EUROPEAN OPTIONS EXCHANGE

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#### **FINANCIAL FUTURES** Dollar and pound above worst **Bond** prices lose ground Nov. 88 Feb. 89 May 89 Not. Soc. Val Last. 100 265.50 80 1.8 169 7.50 30 3.80 439 1.30 253 0.50 540 6 857 14.50 80 30.50 Vol Last Vol Last SHORT STERLING futures lost policy disagreement between on the UK August trade bei-the US and West Germany. This is generally regarded as Recent news on inflation has unlikely however, with the G7 not been encouraging, and Gilt prices also finished on a weaker note. The December price slipped to 93-10 at the close, from an opening level of evidence of any stop loss sell-66 ground in yesterday's Liffe market, as investors took right ahead of today's figures on UK bank lending for August. Despite the sombre note, the December contract failed to show a convidence of any stop idss sell-ing being triggered, and with cash rates virtually unchanged futures prices were already some way towards dis-counting further upward pres-sure on bank base rates. 115 550 125 3.50 350 1.50 414 9.10 0 48 16 109 31 540 857 80 continuing to endorse a policy of stability on the foreign exchanges without proposing any fresh measures. dealers will wish to see some 93-15 improvement in the general economic picture before believ-60L 0 P Trading volume in US bond Dec. 88 futures was generally lacklus-tre. A slightly firmer tone after SII VERI 23 60 40 ing that sterling can maintain its present value, even though failed to show a convincing 30 The December price opened at 87.64, down from 87.66 on SILVER C Dealers are reluctant to take out positions however on fear break through support at 87.55. Although it finished at the the opening, underpinned by falling oil prices, failed to OCL 88 the currency is supported by Friday, and eased to a closing EDE Index C EDE Index P UCL 83 110 16.50 A 30 112.80 216 9 526 5.90 76 3.500 77 3.2 200 0.56 121 1.20 121 1.20 121 1.20 121 1.20 121 1.20 121 1.20 121 1.20 121 0.5 A 240 5.50 30 12.80 40 5.50 A 50 3.50 50 3.50 50 3.50 50 3.50 50 3.50 50 3.50 50 3.50 50 3.50 50 4.50 50 4.50 50 4.50 50 4.50 50 4.50 50 5.90 50 5.50 50 5.90 50 5.90 50 5.50 50 5.90 50 5.50 50 very high interest rates. The pound opened weaker against the D-Mark, and that ministers could use the day's low of 87.54, there was no low of 87.54. attract any follow through F.F. 235 F.F platform of a G7 meeting to make comments resulting in a shift of sentiment. LIFTE LINE GET FUTCHES OPTICHE LIFTE US THEASURY MORE FUTURES OFTENS LIFTE FT-SE DIREX FUTURES OFTING sterling then moved up alowly, but still finished lower on the day, at DM3.1375, compared with DM3.1450 on Friday. Pat # 2 # 19 2 # 10 1 # 10 1 # 10 1 # 10 1 # 10 1 # 10 1 # 10 1 # 10 1 # 10 1 # 10 1 # 10 1 # 10 1 # 10 1 1 215 Sta 1560 Sta 1570 Sta 1570 Sta 1570 Sta 1560 Sta 1570 872 213 B 88 9 57 5 SASASASUNAS Strike Price 16000 16500 17000 17500 18000 18500 19000 Secon 0.50 1.20 2.40 3.50 5.60 8.10 2.50 110×12283 Citat Citat Trading in sterling was Čet. 199324011 日本的行用作口 158CASS 11802145579 equally subdued, ahead of important economic news. Weak oil prices, with North Sea Brent crude quoted at under \$13 a barrel, added to the general mood of nervous-ness 967 929 1420 Sterling was also depressed against other major currencies, apart from the dollar. It rose to Estimated volume total, Calls 1067 Puts 1654 Provins day's open int. Calls 16833 Puts 24964 Estimated volume total, Calls 30 Pass 53 Previous 647's open (at., Calls 6562 Pats 3047 Estimated volume total, Calls 0 Pais 0 Previous day's upon lot, Calls 4 Pats 121 \$16785 from \$1.6755, but fell to Y224.25 from Y225.00; to SFr2.65 from SP12.6525; and to DCL 88 nes AGN C AGN C AGN P ANEO C ANEO C AMEO C BUMRMANH-7 C ELSEVIER C ELSEVIER C ELSEVIER C ELSEVIER C ELSEVIER C ELSEVIER C KIM P KIM C KIM P KIM C KIM P KIM C KIM P ROJAL OUTCH C BOYAL OUTCH C BOYAL OUTCH C BOYAL OUTCH C BOYAL OUTCH C UMIEVER C UMIEVER C UMIEVER C MAN MM MEREN C Today's money supply and bank lending figures for August are awaited with appre-hension, and providing this hurdle is cleared without too much difficulty, the market will then wait with equal trepi-dation for next Tuesday's news 76 0.40 1 3.20 LIFTE 6/5 OPTIME C25,000 Easts per C20 LIFFE SHORT STERLING LIFFE BURNNEL AR OFTIMES FFri0.6625 from FFri0.6850. According to the Bank of England, the pound's exchange rate index fell 0.1 to 75.3. FT GUIDE TO WORLD CUR-6.30 0 70 73 187 Alisenesis Pois-stillements 1007 dct 1007 1270 1 12 1379 100 205 1433 363 477 11 12 13 143 363 477 11 1277 1355 19382790 Calls-settlements Cost NOV 0 40 0.50 5.50 1 60 0.60 0.90 THERE OF A States and a state of the sta Puts-sett Sep 0 0 75 276 91 167 ENY-JE36R 1212122222 \*\*K88888 1276248121 RENCIES, page 38. N. 118 28 47 260 255 33 0 30 5 30 4 80 0 30 1 30 0 90 0 30 0 50 Estimatul volume total, Calls & Puts D Provins day's open Jul. Calls 42 Puts 2534 EMS EUROPEAN CURRENCY UNIT RATES Estimated volume read, Calls 0 Pers 0 Previous day's open lat, Calls 3242 Pars 4762 Estimated volume ustal, Cells 898 Pars 620 Previous day's open int. Cells 25564 Pars 24633 % change affected for description East from ortinal rate PARE ADDEL PARA SEL S.S. MPTHINE S31,250 South per S.D. Gant % CI2,544 Games per EL sate: Sept\_17 Calls Aur Dat Mar Oct 743 745 7.75 304 515 513 546 612 245 310 341 454 4.01 245 310 341 454 4.01 0.93 144 2.24 2.05 0.93 1.44 2.24 2.05 0.93 1.44 2.24 2.05 0.93 1.64 1.55 4.46 0.15 0.55 1.00 6.76 2.90 3.30 14.50 1 10 6.80 SUSSESSES S Pais Sept. Nov Date Sept. D15 0.70 1.47 D15 1.24 1.21 D4M 2.05 1.02 D4M 2.05 1.02 1.47 5.71 1.40 1.40 4.57 5.72 7.57 L40 9.33 Srins Cabeter Prizz Sep Oct 1450 3.99 4.55 1700 1.455 2.15 1700 1.455 1.00 1800 0.46 0.460 1850 1.900 1.55 1.900 1.550 30 995 285 174 4 Pais artilisments Dec Sep Det Nov 6.15 1.16 2.50 3.60 2.45 7.95 8.25 9.25 1.55 1.270 1.33.0 14.10 1.05 1.745 1.81.0 18.45 1.55 2.25.0 1.55 1.55 1.25.0 1.40 1.55 1.25.0 1.40 1.55 1.25.0 1.40 1.40 1.7.60 42.4582 7.85212 2.05883 6.90483 2.31,463 0.768411 1.483.58 43,4467 7,95092 2,07279 7,04346 2,35868 0,772010 1545,25 24285850 199999999 $\pm 1.5344$ $\pm 1.5404$ $\pm 1.0461$ $\pm 1.3674$ $\pm 1.5012$ $\pm 2.4484$ $\pm 4.0752$ Belgian Franc ... Danish Krone .... Germon O-Mork French Franc .... Dutch Golider .... 5.60 5.60 11.80 15.75 20.50 21.50 20.50 21.50 20.50 20.40 Changes are for Eco, therefore positive change denotes a socie currency Adjustment enjoyetsted by Flavorist Times. Previous day's open lat: Calls 566 077 Pois 571,638 Previous day's volume: Calls 14,253 Pois 21,848 Estimated vel me total, Calls U/A Pots #/A open Int: Calls 206 Pots 192 A=Ask 0-Bid C=Call P=Par LONDON (LIFFE) CHICAGO POUND SPOT- FORWARD AGAINST THE POUND 25-YEAR STA MITTONIAL SILT ESR. No Sizak of Lint's U.S. THENSURY BRIDS (CBT) 8% S100,000 X2mis of 100% Tires JAMANESE YEN (DIRIC) Y12.Sea \$ per Y100 Day's Sept.19 Ciese Que manth 11 Å. 1670 - 16790 2005 - 2005 3,334 - 3544 6575 - 6535 12,034 - 12,044 1,1660 - 11696 3,134 - 14 258,00 - 259,00 2019 - 2014 10,654 - 10,664 10,574 - 10,294 10,574 - 10,294 2015 - 2244 2015 - 2244 - 2207 - 22,40 - 2214 - 2244 16735-16805 20620-20530 1534-2543 6540-6590 1201-12044 11655-11725 313-314 257.75-259.55 206.00 - 209.00 20334-259.55 206.00 - 209.00 20334-22441 11.575-11.614 11.575-11.614 11.575-11.0894 2233-2244 2234-2244 2234-2245 Cone Hink Law Pro. 92-27 93-25 92-24 93-46 93-16 93-16 93-47 93-20 Latest High Low Prev. 0.7485 0.7465 0.7471 0.7452 0.7537 0.7540 0.7534 0.7513 0.7635 0.7605 0.7656 0.7576 0.7649 0.7675 0.7649 0.48-0.45cpm 0.29-0.21cpm 13-14cpm 27-21cpm 199114750 86114750 86114750 8 F F F S Sec **가려고 특 맛 김 코 및 맛 김 코** Cydesdale Bank \_\_\_\_\_ Comm. Bk. N. East \_\_\_\_\_ Co-operative Bank ...... Estimated Volume 9640 (16716) Previous day's open lat. 20172 (29598) 21-21000 4-51-07000 0.20-0.35000 11-1-5000 14-5000 25-14000 14-5000 34-51000 14-50000 14-50000 14-50000 14-50000 22-11-14000 21-14000 12 7-10 YEAR TY, MITTHINGL CALT STARTS START of LINYS Contis & Co..... Cyprus Popular Bk .... Donbar Bank PLC .... Henry Anshacher . ANZ Basing Group \_\_\_\_\_ Associates Cap Corp \_\_\_\_\_ Anthority Bast \_\_\_\_\_ & & C Merchant Bank \_\_\_\_\_ NEUTISCHE MUNK (MIND) MC125,000 S per bit Close High Law 92-17 92-14 92-18 92-14 Duncan Lawie ...... Equatorial Bank pic ..... Exeter Trust Ltd ...... Financial & Geo. Bank ... First National Bank Pic . See. Labest High Low Prev. 0.5347 0.5351 0.5344 0.5542 0.5388 0.5395 0.5388 0.5386 0.5430 0.5435 0.5480 0.5426 · B& CMm Ranco de Bilhao . Estimated Volume 30 6550 Provides day's open int. 1957 (1921) G.L. TREASURY MILLS CAUGO Slam points of 19972 6" WITHHAL LINE TERM SAPANESE COVE. Belgian rate 12000 High 92.81 92.95 92.76 92.79 92.78 92.78 92.60 92.60 92.62 ert Flemins & Co. 1000000 1000000 10000000 10000000 A She she she ervere THEFTS-MENTH FLIPS HOOLLAR GHOLD Close High Law Pres. 161171 16184 16171 16143 20149 160 50 DOLLAR SPOT- FORWARD AGAINST THE DOLLAR Dec 1.64 1.1 Laterst High 91.69 91.69 91.24 91.25 91.18 91.19 90.77 91.98 90.78 90.78 90.78 90.78 90.71 90.71 Low 91.68 91.33 91.41 91.17 90.97 90.77 90.77 90.77 PHL52 91.20 91.16 90.76 90.76 90.67 Dig's % Three p.a. months SERVERSO Å. Sept 19 Cierc Ore month Estimated Volume 280 (350) Previous day's open 1st, 471 (461) Later Determined and the second and J.2. 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Editatian Volume 2536 (2020) Previous day's open lat, 13034 (13290)

THEFT SHARE STREET, AND

Expert training for your FX

dealers, with a strong practical

LACK OF fresh factors led to very quiet trading on the for-eign exchanges yesterday. The dollar opened on a weak

note in Europe, after drifting lower in Tokyo. It then tended to move slowly higher, hover-ing around the DM1.87 level throughout, but finishing weaker on the day. Trading was generally confined to com-mercial transactions mercial transactions.

It closed in London at It closed in Longon at DM1.8695, compared with DM1.8760 on Friday. The dollar also fell to Y133.55 from Y134.25; to SFr1.5795 from SFr1.5835; and to FFr6.3525 from FPr6.3775.

On Bank of England figures the dollar's exchange rate index fell to 99.4 from 99.6.

The US Federal Reserve open The US Federal Reserve open market committee meets today, but is not expected to alter its monetary stance. Recent economic news has not pointed to any need for tighter policy, and with the dollar holding steady, the market is not looking for any change of course until after the US Presi-dential election in November. dential election in November.

Later this week dealers will look for comments from finance ministers attending a Group of Seven meeting in West Berlin. The main point of interest is likely to centre on the dollar's recovery against the D-Mark this year, and whether this will lead to any

E TN NEW YORK

Sept.19	Latest	Close
£ Spot	1.6770-1.6775	1.6785-1.6795
1 month	0.46-0.45pm	0.49-0.480m
5 months	1.55-1.59pm	1.56-1.54m
12 months	5.22-5.17pm	5.23-5.180m

#### STERLING INDEX

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#### CURRENCY RATES

Sept 19	Bant rate %	Special* Drawing Rights	Europeant, Carrency Units	
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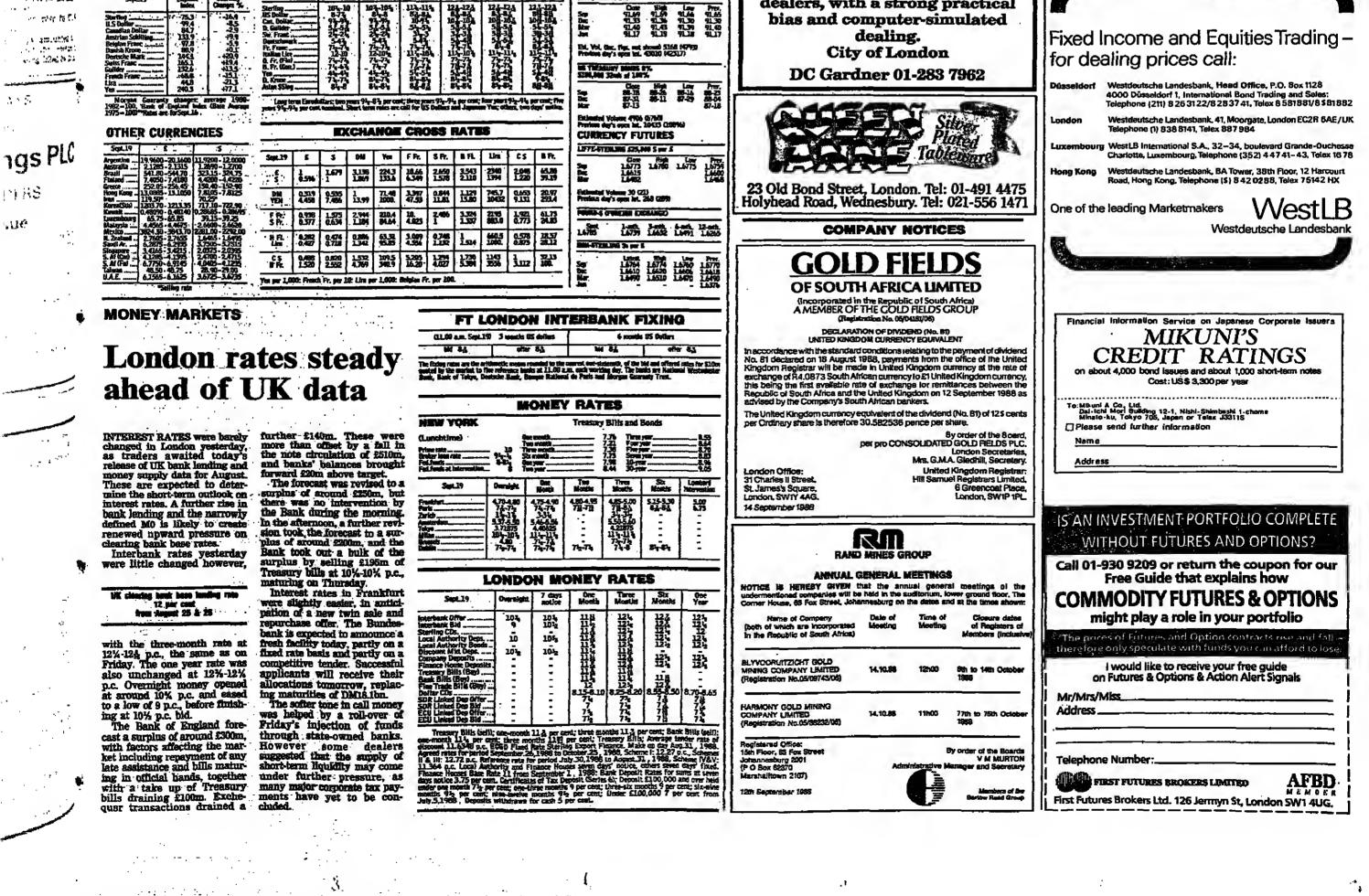
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TOTAL VOLUME IN CONTRACTS , 21,158

#### **BASE LENDING RATES**

Provincial Bank PLC ... R. Raghael & Sons ..... Ronburghe G'rantee .... Royal Bk of Scotland ... Royal Trust Bank ..... 125 Smith & Willinson Secs. 5 Smith & Willinss Secs... Standard Clartered..... TSB UDT Mortgage Exp United Bk of Kmuait United Bk of Kmuait Unity Trast Bank Pic Unity Trast Bank Pic Westpare Bank Corp.... Waitesmay Laldlaw Yorkshire Bank Robert Fraser & Ptors. \_ 12h \_ £12 • Members of British Merchant Banking & Securities Honses Association, • 7 day deposits 4.39% Seremise 7.16%. Top Tier-E10,000/ Instant access 9.0% & Mortspage base rate, § Demand deposit 7%. Mortspage 12.375% - 12.75% 125 12 12 12

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FINANCIAL TIMES TUESDAY SEPTEMBER 20 1988

# FT UNIT TRUST INFORMATION SERVICE

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Bat Citter + or Yield Chrone Price Price Price - Gris ion Unit Tst Mars Ltd (1080)4 Chros Bark Unit Tst Nems Ltd (1900)H H & G Securities (916915)H n.s 6 Royley Rei Hatton, Brantwod, Earn The Guan, Nover Hill, ECG (916915)H nies 0277 227300 Daminoy 0277 25,100 Gentring Mark Hatton, Brantwod, Brant AUTHORISED ers Ltd (1200)1 Asset Unit Trast Mages Ltd (0990) 76 35 78 35 81.4344 54 44.59 44.54 47.41 478 4 82 54 55 15 55 15 52.59 48 17.45 54 48 62 48 62 45 1 45 421 4 20 54 48 62 48 62 45 1 45 421 4 20 54 56 47 56 70 00 55 4 48 5 62 **UNIT TRUSTS** De (Accure) Arear & General Accorn Wirks) Arear Recordsy Uscam Dated Anny Sellin Gri Accorn Unito Castrolation Castrolati INUSIS Income Set 9 Style <thStyle</th> Canadius Equify Income Entropeda 4 Nigh Jacome Jacon & Far Ext. 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Accum Units) Europeas # Far East # Francesa Git & Prolist loc High Yield International # Japan Zech # Nat Resources # Portfolio # High Return ..... Allchurches Inv Mgent Servs Ltd (1200)H 1921 Bullier Stret, Loudon ECM 2RY 01-528734 Amity income 331.92 52 574 55 791-528134 beli Bond ..... Monthly lacome ... 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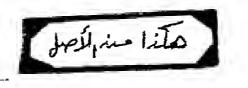
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10 A man writing copy in quar- ters (6) 11 Cut in the past – a bad move (4)	UK Saladeed lac	led lagme	General	State 1 (1975)	UK Mater Co's
12 Birds to shoot (5)15 Noted date perhaps when let13 Bury sets about building concerns (9)0ff (9)17 The leading lady (9)	European Acc	Gronand Makagers Limited (1200)H Pinters Hall& 9 AusticFrians, EC2N 2AE 01,588 5517	Izanan	Janus Semiter Can	Japanese
14 Contribution expected? 18 Record minor finds indiffer- Keep calm! (6) ent (8)	Eleon Ltd (1600)F Central C., Kaoli Rice, projector, 806 014 0699 70538 Eleon Trast	Grofised Equity	GUIDE TO UNIT T	RUST PRICING	
guys (7) 21 An Irishman wanting rent 19 Getting irate in forced inac- fixed for example (7)	Equitable Units Admix Ltd (1600)F Walton SL, Aylesbury, Bucks, KP21 70K, 02% 431480 Emploan	Granzian Royal Ex Unit Mgrs Ltd (1200)H Royal Exchange, London EC3V 3L5 01-688 9903 Exchange, London EC3V 3L5 01-688 9903	The data included under the Anthonised section being expanded to improve the service to reade INITIAL CHARGES	of the FT Unit Trust information pages is rs and to conform with new legislation.	UK Smiller Co's
22 Being fed-up, aim to offer some resistance (5)	Experizable Units Admin Ltd (G60)F Walton SL, Aviesberr, Bucks, Kr21 70k, G756 511400 Santpoan in 4428 41 94 4429 4429 4919 75 Far Eastern chil2 41 11 75 124 53 4340 32 Ght & f rai Int d 94 15 08 23 322 4 115 70 Nigh Interver in 412.89 97 25 99 82 4 115 70 Nigh Interver in 412.89 97 25 99 82 4 115 70 Nigh Interver in 412 95 55 4 137 4 4 137 4 120 77 Priloan Interver in 412 5 55 4 137 5 4 137 4 10 Priloan Interver in 412 5 55 4 137 5 4 10 127 50 Seedal 55 11 5 4 10 127 5 4 10 127 53 4 10 127 50 Seedal 55 11 5 5 80 0 14 15 6 10 129 10 Tac of her 175	Grantitan Royal Ex Unit Mgrs Ltd (1200)H Royal Exchange, Landos EXIV 35. 01-588 9903 Enropean 9	These represent the marketing, administrative an purchasers. These charges are included in the p	ad other costs which heve to be paid by new rice when the customer bays units.	Cill         34,47,30         67,30         50,00           Departit         34,47,30         67,30         50,00           Departit         34,47,30         67,30         50,00           Departit         34,47,30         67,30         50,00           Departit         34,47,20         67,30         50,00           Departit         34,47,20         67,30         50,00           Departit         54,447,20         67,30         50,00           UK Samiler Cota         54,447,71         64,00         55,447,71         64,00           UK Samiler Cota         54,447,71         64,00         55,447,71         64,00         51,447,147,14         64,00           Departit         54,477,45,40         64,00         51,119         45,00         51,119         45,00         51,119         45,00         51,119         45,00         51,119         45,00         51,119         45,00         51,119         45,00         51,119         45,00         51,119         45,00         51,119         45,00         51,00         71,00         71,00         71,00         71,00         71,00         71,00         71,00         71,00         71,00         71,00         71,00         71,00         7
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25 Honoured companion in the Orient showing backbone	Equity & Law Unit Tst Mages (1200)H St Georges Hee Corporation St. Covertry (1203)353231	Income Trest	The price at which units may be sold. CANCELLATADM PRICE. The maximum spread between the offer and bid j by the government. Io practice, ooil trust man	prices is determined by a formula laid down agers quote a much narrower spread. As a	71, Queen Wetteria St, London ECAV 4DE 01-4998378 A Rich That Managers Limited Select Dath Act
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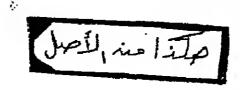
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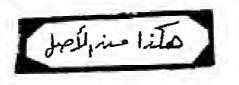
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	B.L.A. Benet Investmants AG Ever 55. Serie A		Ind Speciality	Stand Fd (Carrenz)	Scienting         Josef Messey         Fand Ltd           Series         15.7673         +0.004/0.9.60           US \$         15.7673         +0.004/0.9.60           US \$         15.7673         +0.002/0.9.60           US \$         0440.0719         +0.002/0.9.60           Jasems Ym         10460.0719         +0.002/0.3.70           Jasems Ym         1040.50719         +0.002/0.3.70           Cambrains         CSU.7500         +0.002/0.3.70           Cambrains         CSU.7500         +0.002/0.4.70           US \$         10.000         10.000           Cambrains         CSU.7500         +0.002/0.4.70           US \$         10.000         10.000           US \$         10.000         10.000           US \$         10.000         10.000           US \$         10.000         10.000           US \$         10.000         10.0000           US \$         10.0000         10.0000	Martingen         CG1/15         10/75         10/1           Martingen         CG2/15         10/1         1           Trans         CG2/15         10/1         1           Trans         CG2/15         10/1         1           Averteins Sectal San         SG2/4         1         40/2         -           Pasific Calid         SG1/2         4/2         -         0/0         -	Ansa Taingo Arasi Biana Lua 97.101 Cannon Si, London, EC4U SAD 01-629 6802 HKCA (C2000+)112.00 9.21 12.81 Mts	a charatable boiles. If Yield coloria Libows Janualised raise of NAV increase, ad as dividend.
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## LONDON SHARE SERVICE

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	LONDON SHARE SERVICE	
AMERICANS - Contd         BUILDING, TIMBER, ROADS           1988         Price + m         Contd           643         434         1100         105         100         105         100         105         100         105         100         105         100         105         100         105         100         105         100         105         100         105         100         105         100         105         100         105         100         105         100         105         100         105         100         100         100         100         100         100         100         100         100         100	ELECTRICALS         ENGINEERING - Contd           1998         Stact         Price -         No         1998           Nigt Law         Stact         Price -         No         1998           449         34048         Electronic -         415         11251         94.0168         272         210         Stact         Price -         No         1918           1111         71.888         Ket 57         125         37.152         401         431         401	INDUSTRIALS (Miscel.) - Contd INDUSTRIALS (Miscel.) - Contd Industrial Law Start Price - Her Conference Black Price - Her Conference Price - Her Conference Black Price - Her Conference Price - Her Conference Price - Her Conference Price - Her Conference Black Price - Her Conference Price - Her
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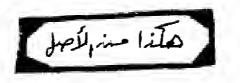
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46	· · · · <u>·</u> · ·	FINANCIAL TIMES TUESDAY SEPTEMBER 20 1900			
FT-ACTUARIES SHARE INDICES	RISES AND FALLS YESTERDAY				
EQUITY GROUPS & SUB-SECTIONS         Monday September 19 1988         Fri Stocks per section         Fri Building Materials (29)         Monday September 19 1988         Fri Stocks per section         Monday September 19 1988         Fri Building Materials (29)         Monday September 19 1988         Stocks per section         Index Building Materials (29)         Monday September 19 1988         Stocks per section         Index Building Materials (29)         Monday September 19 1988         Index Building Materials (29)         Monday September 19 1128         20.19         761.21         760.59         944.95           5 Electronics (28)         100000 (210)         758.37         -4.4         11.06         4.35         11.12         20.19         761.21         760.59         944.95           6 Metals and Metal Forming (77)         264.79         -21.15.6         3.72         11.32         20.19         760.57 <td< th=""><th>Rises AND FALLS VESTERDAY         British Funds       Rises       Falls       Same         Gorporations, Domision and Foreign Bonds       14       86       137         Industrials       112       137       384       784         Pinnancial and Properties       149       126       398         Olls       13       33       360       14         Plantations       1       1       1       11         Plantations       1       1       1       11         Others       85       58       133         Totals       706       800       1,508         Discretion of the second of the</th><th>LONDON TRADED OPTIONS           Option         CALLS         PUTS           Allied Lysen         370         50         40         46         6         13         14         50         54         101         75         50         54         101         75         50         54         60         125         125         50         54         60         125         125         50         54         60         125         125         50         54         60         125         125         50         54         60         125         125         55         65         75         60         75.0         60         125         125         125         125         14         17         75         55         57         60         75.0         130         125         12         14         17         755         15         13         125         12         14         17         755         15         17         100         126         12         12         12         12         130         126         130         12         13         12         130         12         130         12         130         120         1</th></td<>	Rises AND FALLS VESTERDAY         British Funds       Rises       Falls       Same         Gorporations, Domision and Foreign Bonds       14       86       137         Industrials       112       137       384       784         Pinnancial and Properties       149       126       398         Olls       13       33       360       14         Plantations       1       1       1       11         Plantations       1       1       1       11         Others       85       58       133         Totals       706       800       1,508         Discretion of the second of the	LONDON TRADED OPTIONS           Option         CALLS         PUTS           Allied Lysen         370         50         40         46         6         13         14         50         54         101         75         50         54         101         75         50         54         60         125         125         50         54         60         125         125         50         54         60         125         125         50         54         60         125         125         50         54         60         125         125         55         65         75         60         75.0         60         125         125         125         125         14         17         75         55         57         60         75.0         130         125         12         14         17         755         15         13         125         12         14         17         755         15         17         100         126         12         12         12         12         130         126         130         12         13         12         130         12         130         12         130         120         1			
34       Stores (34)       742.57       -0.6       11.23       4.48       11.72       16.36       77.13       739.22       749.43       1119.91         35       Textlies (16)       566.87       -5.1       13.63       5.449       863.37       865.37       653.34       539.16       534.68       73.12         40       OTHER GROUPS (93)       1015.93       +0.1       8.72       2.76       14.17       18.23       1615.21       1016.47       101.343       1732.46         41       Agencies (13)       1025.87       -0.4       12.45       4.96       9.46       36.89       1830.49       1054.87       1037.01       1482.58         45       Conglomerates (13)       11162.73       14.06       4.57       10.79       24.92       1176.56       1180.54       1177.71       1456.45         45       Shlpping and Transport (12)       1808.16       -0.2       12.09       5.12       10.93       37.93       181.42       181.64.1       180.81       1275.66         47       Telephone Networks (22)       -27       -0.3       18.59       4.22       11.73       21.46       127.48       127.48       1179.21       128.44       128.44       127.48       128.44 </td <td>FIXED INTEREST STOCKS           Base         Amount         Latest Resarc         1986         Sack         Classes         + or           9 Hoto         Pate         Nigh         Low         Sack         Price         + or           100         F.P.         -         1001-2         991-2         A.C. Hidge Tipe Co. Un. Let. 399496         1003-2         1003-2           100.40         F.P.         -         1001-2         991-2         A.C. Hidge Tipe Co. Un. Let. 399496         1003-2         1003-2           100.90         F.P.         -         1002-2         991-2         A.C. Hidge Tipe Co. Un. Let. 399496         1003-2         1003-2           100.90         F.P.         -         1156         1116         991-2         101-2         1110         1011-2           100.90         F.P.         -         1055         910-2         Dame Status 7.73mc On Co. N. H.Y.         1011-2           100.90         F.P.         -         1010-9         999-2         -1         999-2         -1           100.90         F.P.         -         1000         999-2         Dame Status 7.73mc On Co. N. H.Y.         999-2         -1           1000         F.P.         -</td> <td>Grant Met. (VRL)         460         13 (2)         <th1< td=""></th1<></td>	FIXED INTEREST STOCKS           Base         Amount         Latest Resarc         1986         Sack         Classes         + or           9 Hoto         Pate         Nigh         Low         Sack         Price         + or           100         F.P.         -         1001-2         991-2         A.C. Hidge Tipe Co. Un. Let. 399496         1003-2         1003-2           100.40         F.P.         -         1001-2         991-2         A.C. Hidge Tipe Co. Un. Let. 399496         1003-2         1003-2           100.90         F.P.         -         1002-2         991-2         A.C. Hidge Tipe Co. Un. Let. 399496         1003-2         1003-2           100.90         F.P.         -         1156         1116         991-2         101-2         1110         1011-2           100.90         F.P.         -         1055         910-2         Dame Status 7.73mc On Co. N. H.Y.         1011-2           100.90         F.P.         -         1010-9         999-2         -1         999-2         -1           100.90         F.P.         -         1000         999-2         Dame Status 7.73mc On Co. N. H.Y.         999-2         -1           1000         F.P.         -	Grant Met. (VRL)         460         13 (2)         13 (2) <th1< td=""></th1<>			
FLXED INTEREST         REDEMPTION YIELDS         Sep 19         Gago 16         ago (approx.)           PRICE         Mon 19         Day's pritish Sep 139         Fri so today 1988         Fri today 1988         Image 1988         Sep 10	Init       Lation       69pm       65pm       Multicle triss Basiss       65pm       Multicle triss Basiss       65pm       35pm       75         100       Mil       2407       25pm       13pm       13pm       13pm       13pm       14pm         100       Mil       21pm       13pm       13pm       13pm       14pm       3pm       14pm         100       Mil       110pm       Borne       22pm       13pm       14pp       23pm       14pp         100       Mil       110pm       Borne       22pm       13pm       14pp       3pm       14pp         100       Mil       2100       Fam       22pm       13pm       14pp       3pm       3pm <td< td=""><td><math display="block"> \begin{array}{c c c c c c c c c c c c c c c c c c c </math></td></td<>	$ \begin{array}{c c c c c c c c c c c c c c c c c c c $			
		RIGGS NATIONAL CORPORATION USD 100,000,000 THUATING RATE SUBORDINATED NOTES 1996 In accordance with provisions of the Notes, notice is hereby given that for the period 20 September 1988 the Notes will carry a rate of interest of pet per smann with a compon amount of USD			



# Now there's a strong case for looking in the FT

Be sure to get your copy of the Financial Times on 26th September. That's the day we launch our new Legal Pages .

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**FINANCIAL TIMES** Legal Auges

#### CNI **Caisse Nationale** Riggs National Corporation USD 60,000,000 ng Rate Subordi des Télécommunications 15,000,000,000 Japanese YEN Floating Rate Notes due 1997 Unconditionally guaranteed as to payment of principal and interest by **The Republic of France** NEWS INTERNATIONAL PLC In accordance with clause (b) of paragraph "Redemption and Purchase - Cancellation" of the Conditions of the Notes, notice is hereby given that CNT will prepay, on the next interest Payment Date, October 24, 1988, all the Notes remaining outstanding, at 100:10 % of their principal amount. USDOL 158,000,000 8%% Bonds Due 1991 Convertible into US\$ 150,000,000 Payment of interest and premium due on October 24, 1988 and reimbursement of principal will be made in accordance with the Conditions of the Notes. ranieed Floating Rate Notes Due 1981 Interest will cease to accrue on the Notes as from October 24, 1988. period from September 20, becember 20, 1998 the noise on Interest rate of 8% % per sith on Interest smount of 218.02,- per USDOI, 10.000 Luxembourg, September 20, 1988 The Fiscal Agent USDO **KREDIETBANK** S.A. LUXEMBOURGEOISE PUBLIC NOTICES MIDLAND INTERNATIONAL FINANCIAL SERVICES BY OFFICE OF FAIR TRAD FRF 900.000.000 FLOATING RATE NOTES DUE 1997 COMPETITION ACT 1980 interest Rate: 8,18% Interest Period: Se ber 15, 1988 to December 14, 1988

Coupon no 7: per FRF 10.000 FRF 206,77 per FRIF 100.000 FRIF 2.06772 due December 16

Sociéte Générale Alsocienne de Banque Succursale de Luxembourg

#### SILVERMINES PLC.

and in Instand No. 12568) DIGHTS I SSUE OF 2.451,728 NEW ORDINARY SHARES IS EACH AT IRELADS (STGE 1.22) FER SHARE NOTICE IS HERED GIVEN to persons registers company") who have no regis red as holders of Ordi address 2.051 728 mus of ONE : ere TB DO B X0. I

Compagnie Financiere Sucres et Denrees is pleased to announce that its subsidiary Merkuria Sucden, leading force in the commodities trade, is taking steps to strengthen and develop its presence in the coffee and fertilizer markets. An association is being set with the Aimukafa Group, which operates in several areas particually in the Middle East.

ANNOUNCEMENT

Mr. Serge Varsano, Group Chairman, states: "We are particularly glad about this joining of forces and are confident that, together, we shall swiftly reach the

levels of success in the coffee and fertilizers that we already enjoy in

sugar, cocoa and rice. We shall also look forward to working with our friend Monte Kalaji of Almukata. His contribution will, if

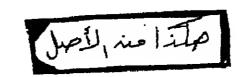
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BY ORDER OF THE BOARD d Office 43 Allesbury Road, Dublin 4

#### LONDON STOCK EXCHANGE

# Markets dull ahead of money figures

PERSISTENT WORRIES over prospects for domestic infla-tion and interest rates continued to beset the UK securities markets yesterday, keeping trading volumes subdued in both Gilt-edged and equities.

STEL MINE 319

Speculative stocks provided the features in the stock market but proved unable to sustain a sector growing increasingly nervous ahead of today's disclosure of the Angust figures on UK money supply and bank lending.

Losses in both Government bonds and leading blue chip shares were small, however, despite a late downturn suffered in the wake of a weak

**Glaxo** fall

upgrading

The announcement of pre-tax profits for 1988 up some IL5 per

cent at £832m from Glaxo

scarcely caused a ripple in the share price until late in session

when some selling developed and Wall Street influences left

its toll on the price which closed 17 off on the day at 966p.

The profit figures were nearer

the top end of markets esti-

The City's main concern was about the rising cost of research and development but .

despite this Hoare Govett, the securities house, is raising its

1989 pre-tax profit forecast for the group by £10m to £965m. Mr Steve Plag, the pharmaceu-

tical anlayst with Robert Flem-ing Securities, changed his stance from a "hny" to a "strong buy" and moved his

1989 estimate up to £966m.

Glaxo is still the best organic

growth stock in the sector" he

mate

despite

Account Dealing Dates t Duatingat. Bop 5 Sop 19 Out S Sep 29 Oet 13 Last De 560 16 Sec 30 Oct 14 Account Day: Sep 26 Oct 10 Oct 24 "New time dealings may take place 2.00 am tire business days sprilar

week.

opening in the New York markets.

In addition to their concern City over today's trade figures nes, markets are beginning to focus Equities opened lower in

slack trading, with the fall in market indices accentuated by their attention on the UK trade ex-dividend quotations for sevfigures for August, due in a eral major atocks, notably

Shell, which showed a fall of nearly 30p throughout the ses-sion. The market tried to rally profit figures welcomed by the profit figures welcomed by the The median forecast for today's MO measure of UK money flow is for growth of 0.9 but drifted off again to close with the FT-SE Index a net 6.8 per cent in Angust, while War-burg Securities, the major Lon-don securities house, predicts an Angust trade deficit of points down at 1759.9 - a

around £2bn, not far from the £2.2bn figure for July, which alarmed the securities markets ss remained, "absolutely bustn dead", to quote ons trader. three weeks ago. Against this background, fears that UK base rates could be forced up to 13 per cent abound in the Seaq volume of 327m shares, at 6.00pm thme, remained within the recent lamentable trading

Once again, the absence of genuine investment activity of today'o session contrasted with interest in a batch of speculative situations. The chief corporate trading reports of the session came

Government Secs Fixed Interest analysts with a general upgrading of the shares. Ordinary Government bonds had a Gold Minas

However, there was support again for Index-Linked (IL) issues which have returned to favour as inflation fears have revived in the UK

Ord. OI. Yield ply announcement. Earning Yid %(full) P/E Radio(Net)(\$) SEAO Bargains(Som Equity Turnover(Em) Losses in the longs ranged to , and similar falls were seen at the shorter end. Traders expressed nervousness ahead Ordinary Share Index. Hourty changes

predators - saw the shares rally to close only S off at 178p. In the leaders BICC per formed strongly amid talk that a takeover by a leading French group may be on the cards, with BICC shares finally 8

 
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 higher at 347p. Racal, now ex-entitlement for the forthcoming Racal Telecoms flotation, ran back to close a net 13% down et 292%p. Tarmac maintained a firm profile awaiting today's half-year statement and closed harder at 223p. SBCI Savory Milln is looking for interim profits of around £117m compared with £83m. Swindon development hopes enlivened interest in Crest Nicholson, up 10 at 197p, but housebuilders generally still showed concern generally still showed concern about prospects. Bryant, down 6 at 1289, failed to benefit from annual profits up from £28.4m to £50.1m. Taylor Woodrow, in which P&O holds a stake of around 10 per cent, improved 8 to 598p; the company announced yesterday a \$59.7m contract to huild a new termi-nal at a Californian airport.

Trusthouse Forte v in the limelight, im nal at a Californian airport. Tyson dipped 11 to 48p after the interim figures and proposed rights issue to raise around £3.15. Amersham returned to the forefront with a gain of 13 to 571p as takeover hopes resurfaced hat Breat Chemicals

cent stake in RHM Hanson Trust, Unile Allied Lyons. Kwik-Fit, the aut

Charles Allen, researcher at assessment of group prospects with, "the rights issue has caused a hiccup in earnings

tuppence to 258p on that a European grou make a bid soon. Ran Macdougall gained 6 to snggestions that G Fielder will sell its

retail operator, went 3% higher to 106%p with analysts expecting the group to reveal interim profits today of between £8.5m and £9.5m. The forecast of Mr County NatWest WoodMac, is at the top of the range. He con-clodes a positive long-term growth but the second half should see a return to normal."

AUSTA AREARING

12

A FINANCIAL TIMES CONFERENCE

pean rose 8 to 280p while Con-tinental Assets advanced 5 to 94, and German Smaller Cos. improved 6 to 111p. À report that Bond Corporation was seeking approval to increase its 13 per cent stake in M&G put the unit and invest-

ment trust group up 6 to 344p. The day's only debutant issue, investment and venture capital company Thompson Clive, attracted enough inter-

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day on 126p, or acement price of ly traded as a financial stock. ive io due to ent trust status

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105.4

s steady on the Market ahead ney supply fig-althy 35,119 concallo and 6,264 The most popular stocks were Trusthouse Forte with 8,060 contracts Cedhury exchanged, Schweppes with 3,733, and Con-solidated Gold Field, which notched up 2,241 contracts on the day.

 Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 46

Stores apprehensive There was an uneasy calm in Stores stocks ahead of today's money supply figures, which dealers fear might trigger another half or one point rise in interest rates. Next was the main feature, falling 5 to 207p after downgradings from James Capel and Smith New Conrt. Analysts at Smith decided to reduce their forecast for Next's full year profits from £120m to £115m because of the affect of the recent postal

#### Oils fervour fades

There was acute disappoint- : ment at the turnover and individual performances in an oil sector bursting with stories only days previously. A week-end Press full of every possible outcome to the goings-on at LASMO/Enterpriss/British Gas/RTZ et al, failed to trigger. any follow-through of interest in the sector which admittedly gained 15 to 220n on revived was again unsettled by the lat-rumours that a European com-est downturn in crude oil pany is preparing a bid for the

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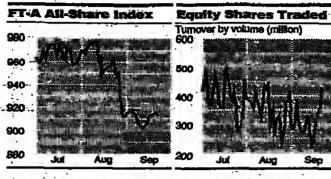
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director having been head of

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Lasmo managed a minor worse to come in the second



turnover was just short of 1m.

strike on its mail order busi-

on the Textile sector where talk and finally 3 better at 90p; Courtaulds was the main casualty at 293p, down 12 to on the day. Tootal fell 4 to 93%p and Strdar a similar amount to 107p Louring moved forward impressively as turnover began to increase again and the shares closed 5 higher at 289p. A Swiss bank has been identi-

fied as a holder of at least 12m shares and perhaps as many as 15m shares, leading Lonrbo to invoke Rule 212 of the UX Companies Act which requires a nominee to disclose the name of the beneficial owner. Pearson closed 46 higher at

ness, although their forecast for the group's interim profits -

or the sale of the Al Fayed's stake, Sears were again well supported, closing a halfpenny easier at 133p as 9.2m shares went through the system. Among the second-line stocks watchmakers Time Products

· group. The latter fell sharply yester. Coats Viyella disappointed day to touch a low of just over the market with interim fig-\$13 a barrel for October Brent, ares well below most expecta-compared with Friday's \$1855 \_\_iona. Profits for the first six compared with Friday's \$13.55 tions. Profits for the first six level, after a story circulated mouths of 1988 were 6 per cent that Saudi Arabia will confirm down on hat year at £76m. Mr it is producing in encass of its David Buck, analyst with Bar-current daily quots of £35m; circy de Zoete-Wedd, said barrels a day when the OPEC Costs was caught by the wid-pricing committee meets on ming gap between UK prices September 25. and predicts.

735p, after 743p, as speculation revived following reported developments concerning the group and Reed International. due next week remains. inchaoged on £35m. After last week's speculation about a Hanson Trust bid and/ English China Clays, up 8 at 468p, traded fairly briskly (L1m) amid RTZ bid rumours, but Pentland Industries dipped 13% to 101p xd as Reebox, the group's associate company, warned of lower earnings for the rest of the year.

Talk that UK interest rates could have further upside notential and another bullish note on the sector from Citi-corp Scrimgeour Vickers gave a boost to the banks.

Citicorp says "Bank shares should be performing in line should be performing in ime with the Olympic motio - fas-ter, higher, stronger, capital ratios are the strongest they have been for some time and their dividend yields are mostly between 150 percent and 200 percent higher than their the ultranet between twelve share exchange offer from Erskine House for Quest Group, Quest shares surged 21 to 103p, after 112p. Harland Simon, where that of the all-share index. The big-four made good prog-

ress led by Lloyds - a Citicorp Mountain Dew has recently

\_\_\_\_\_

also noted in connection with Lloyds. Standard Chartered added 8

at 525p after weekend Press

at 320p after weekend Fress speculation that the bank could well be a bid target. Insnrancee performed extremely well, dealers said, despits many of the leaders going ex-dividend. Abbey Life were said to be beneficiary of a major switch out of Prudential and rose 7% to 304%p on turn-over of almost 3m. Prudential, were not without support, how-ever, and closed little changed at 150%p rd.

Composite insurers made rapid progress, as the destruc-tion wrought by "Hurricane Gilbert" turned out much less than at first thought. Commer-chal Union spuried 8 to 324p while GRE rose 4% to 183%p helped by vague bid talk. Guinness continued to

buy-in its own shares - 22.2m have now been netted excluding yesterday's purchases but the price closed 4% lower et \$08p xd. Other Brewery majors were on the npward tack and Allied-Lyons advanced 5 to 410p while Whit-bread "A" improved 4 to 287p. Becience in a contemport Regional issues, too, enjoyed firm conditions with J.A.Devenish rising 11 to 312p. Belhaven, however, slipped 4% to 57%n following acutely disap-pointing profits from the brew-

ery division and the removal of Mr Raymond Miquel, the group's chief executive. dipped 14 to 127p after disap-pointing first-half results. Food and Hotels Grand stocks were boosted by specu-lation surrounding what Grand Two sizeable takeover bids, a major acquisition and a profits warning encouraged a sharp Metropolitan will do with the money it earns from the sale of its chain of Intercontinental upturn in activity in the sec ond line electronics and electri-cals. Business in the front-line Hotsls. Cadbury Schweppes

were again linked as a possible target, and gained 5% to 373p as a result, and that was stocks, however, was unexceptional, dealers said. The 2220 a share agreed cash bid for Thermal Scientific from despite going ex-dividend yes-terday. Grand Met were easier on the rumours, closing 5% TI Group, valuing the former at around £72.5m, saw Thermal shares rocket 62 to 215p, after down on 480p. 218p. Further takeover excite-ment in the sector came with

.....



ing, Den. 11. Inclusion Japan Lathroir 109.	515 £10% -1 Vert intrational 442	400 -1 Writcom
were also	Adverse weekend press com-	est to close the day
nproving	ment knocked Local London	11 above the placer
rumours	back 17 points to 443p, while	115p. Currently
up could	Pennant Properties firmed 8 to	miscellaneous fina
nk Hovis	110p after bringing in profits	Thompson Clive
o 385p on	for the 17 months to July of	acquire investment
Goodman	£8.1m, against £6.3m for the	early next year.
29.9 per	same period last year.	Business was st
to either	European and particularly	Traded Options M
lever or	German-orientated Investment Trusts went with domestic	of today's money ures, with a health
tomotive	market trends. Some shone	tracts (28,855 call
% higher	brightly and Gartmore Euro-	puts) reported. The



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Indices

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London Report and lates

FINANCIAL TIMES STOCK INDICES

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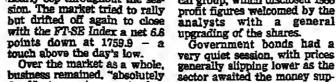
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DAY'S HIGH 1430.1

#### TRADING VOLUME IN MAJOR STOCKS

The following is based on



move in the saga. British Gas continued to

drift easier, closing a further. 1% off at 164%p on tarnover of 3.8m - "not a buyer in sight" was the comment from ons dealer. But the most disappointing showing came from BP where the "old" were a shade off at 246p on turnover: of I.9m. - .

Ultramar old and new shares attracted useful support with the former 3 firmer at 240p and the latter finally ½ up at 38% after 40p. Turnover in the old was 1.4m but was considerably higher in the new where more than 3m changed hands.

Second liners provided some keen interest, with Carless well to the fore amid vague bid

·..

Lasmo managed a minor worse to come in undergoes a "favourite" along with Mat-gain at 572p, up 5, but Enter-prise dipped 2½ to 680p ad as major reorganisation. West - which moved up 6 to the market awaits the next. The downbeat results from 293p on turnover of 3.2m; Coats Vivella exerted pressure vague stake-building talk was

#### NEW HIGHS AND LOWS FOR 1988

Curastial, EXCERNITION (2) Date Grp., Robinson (Thron.), ProDeth (1) ANDA BUUSTRIALS (8) DSC Holps., Ershine House, Handa Waiting, Interclick Express, Landon Ind., Sele Timer, Smattern Jones, Yesk, Project Service, BRURAMEE (1) London Uct, LESUBURZ (2) ECE Holps, Netoce Lath, NEWWARAFENS (1) Macrosoft Corners, PAPERS (1) Moorganis Grp., ANOPENT (1) Trust of Arco., SHIPPING (1) Conson Trans., BMOES (1) Moorganis Grp., ANOPENT (1) Trust of Arco., SHIPPING (1) Conson Trans., BMOES (1) FIG 1976, BOUTH AFRICANS (1) SASCL, TEXTREES (1) Social Trans., SHOPEN Starguest, River & Marc. Shapped PL, Nas Horne Ln. 8250c, 2026, OLS (2) Call Res., ELF UK 124 pc. Ln., OVERSEAS PL, TRADERS (1) First Pac. Ca., MINES (4) Darben Deep, Egold Com, RendOward, Gold, Enders, Modds, East Deps, EHGO, GrootViel, Lastis, Blyvoor, Bulles, Doelforest, Dristoniain, Elandward Gold, Enders, Harbioseit, Kloof Gold, Libburg, Harbioseit, Kloof Cold, Libburg, Helens, Other Gold, Harmony, Lonsine, St. Helens, United, Harmony, Lonsine, St. Helens, Laber, Reith Arman, Angloward, Gold Fields BA, Rano Min, Prope, Welnom Gold, DHP MEW HIGHE (43). MEW HIGHE (43). ANESHICANS (15) SANDS (1) Gentache Sh., SHUTHAN FUNDO (1) Thems. Spc. LL. 1958. ANESHICANS (15) SANDS (1) Gentache Sh., SHUTHAN EQ Clacks (Gentaches), Anise. Shuth & Turner, CHEMICALS (2) BASE. Hookse, EDICTINCALS (4) Acat. Harland Simon, Hoekyna, Piloo Hidas. Do. A. Thermal Solantic, ENGUEZHING (1) Thyseen, FOODS (2) SEN, Take 4. Lyle GHG 1908. BOUSTINALS (4) Machariana. Ratura-Rapola, Wassell, INSTINAVCE (2) Aliterz, Lincoin Net, AMPENS (1) Crown Contas. PHOPERTY (1) Caird Stra. THUSTE (4) Brit. Amen Spc. Cv. 1965. Contl. Amenu, Serin Marker, Machariana, Marking, Tor Inv. Inc., ORS (1) LASMO. MEDICAL Standard (1) Burden Son 1955.

CANADIAND (4) Am Barrick Res., Augmino Explicit, Carone Carp, Bonora Gold, MANG (2) Cater Aller, Watersong (6.6) Bor. A Cr. PL, BURLDHOS (2) BPB Inda, Marshalls Helfler, CHENSICALS (2) Doeller, Subcliff Bastonen, Science CD, Mallett, Moss Bros,

APPOINTMENTS

acquired a significant holding jumped 19 to 394p, after news that negotitations simed at acquiring NEF, the Swedish-based components manufacturer owned by Scapa, are at an advanced stage. United Scientific shares cams under heavy pressure early on and slumped to around 163p after the company

the recommended seven-for

revealed the resignation of the chief executive and that profits for the year will be in the for the year will be in the region of £10.5m, against previ-ous forecasts of £15m. Large losses at the group's Avimo unit was blamed for the down-grading. But subsequent buy-ing, based on hopes that the current troubles could trigger an opportunist bid for the group - Thorn EML GKN. group - Thorn EM, GKN, Vickers and Pilkington were all mentioned as potential

## Professional **Personal Computers** in the 90s

#### London, 31 October & 1 November, 1988

The professional personal computer industry is at a watershed. A series of significant issues, both technical and commercial and chiefly connected with industry standards, are now being debated and resolved in ways which will affect the shape and direction of the industry for the foreseeable future.

There are serious questions still to be settled.

\* Will IBM, for example, which established

# SPONSORED SECURITIES

					Gross	Yield		
High	Low	Company	Price	Change	div (p)	×.	P/E	
235	185	Ass. Brit. Ind. Ordinary	235	0	27	3.7	8.8	
235	186	Ass. Bett. Ind. CULS	235	Ō	10.0	4.3		
4D	25	Armitage and Rhodes	37	0	-	-	-	
57	37	BB9 Design group (USM)	37	0	21	5.5	5.9	
171	155	Bardoo Group	171	Ő	3.3	1.9	24.1	
115	100	Bardon Group Conv. Pret.	115	0	6.7	5.8	•	
148	130	Bray Technologies	131	0	5.2	4.0	9.5	
114	100	Brenhull Conv. Pref	110	0	11.0	10.0		
287	246	CCL Group Ordinary	285	0	12.3	4.3	4.3	
16Z	124	CCL Group 11% Conv.Pref	162	0	14.7	9.1		
151	129	Carbo Ptc (SE)	149	8	6.Z	4.2	13.0	
113	100	Carbo 7.5% Pref (SE)	112	0	10.3	9.2		
317	147	George Blair ,	317	+1	12.0	3.8	7.0	
100	60	Isis Group	100	0			13.2	
118	67	Jackson Group (SE)	110	0	3.4	3.1	12.2	
350	245	Multhouse NV (AnstSE)	340	0	-		-	
115	40	Robert Jenkins	114xd	0	7.5	6.6	4.3	
430	124	Screttors	415	0	8.0	1.9	37.7	
275	194	Torday & Carlisle	275	0	7.7	2.8	13.3	
96	- 56	Trevian Holdlogs (USMI	79	+2	2.7	3.5	a5	
113	100	Uniseret Europe Conv Pref	108	0	8.0	7.4		
296	203	W.S Yeates	298	0	16.2	5.4	57.3	
Stoc	k Exch	designated (SE) and (USM) are deal nange, Other setarities listed above rities are dealt in strictly on a mart lavies Loi are market makers in the	are dealt. I ched barge	in subject to in basis. Nei	the rules	of TSA		
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Tries			Member of the Stock Exchange & TSA					

# To the Holders of N-ETSU POLYMER CO., LTD. U.S. \$60.000.000 cent. Guaranteed Notes 1993 with Warrants FICE OF A DJUSTMENT OF SUBSCRIPTION PRICE

to Clause 4 (A) (i) and (B) of the Iostrument dated 38 uoder which the Warraots to subscribe for shares of Polymer Co., Ltd. were issued, you are hereby notified company is adjusting the Subscription Price (at which a issuable upon exercise of the shove Warrants), pur-clause 3 (v) of said Instrument due to its issuance of nc 50,000,000 ½ per cent. Coovertible Notes due 1993, sion price of which io less than the market price defined rument. rument. ault, the current Subscription Price of 7,175 Japanese

here of common stock will be sdjusted pursuant to 7 of the Worrants. The adjusted Subscription Price etermined on Septemher 28. 1988 and shall be effective as dete. A second notice shall be given promptly after r 28, 1988 to announce the new Subscription Price.

SHIN-ETSU POLYMER CO., LTD, hy: Dai-Icbi Kangyo Trust Company of New York

tember 20, 1988

							Graaville & Co.
<b>.</b>	<b>Directors</b> at	1	which was acquired in July.		the standard for pe some seven years of	aga now be able to	8 Lovat Lanc, Le Telephone 01-62 Member of T
			At ROLLS-ROYCE Mr Frank		persuade custamer	rs, distributors and	Member of J
	<b>British Gas</b>	Sugar States	Turner, director-civil engines		other vendars that i	ts new Personal	11
		and the second	since September 1987, has been		System/2 architectu	ure is the right path to	11
	BRITISH GAS has made	Contraction of the second	appointed to the board.		fallow?		51
	changes within its research		Mr Derek Rome has been	and the second sec			
	and technology division. Three HQ director posts have been		made a director of		* How swiftly will AT	&T's Unix, ar ane of its	
	created under the HQ director		GRANDFIELD RORK		derivatives, becom	e accepted as the	
	of technology, Mr Gerald		COLLINS FINANCIAL		standard aperating	system, not anly for	
	Clerchugh, Dr Les Mercer has		and the second second		microcomputers bu	t for mid-range	
	heen appointed HQ director,		Mr Richard Massey, chief		machines as well?	in ter mild range	
	gas research; Dr Ernest		executive, has been made a director of DERBYSHIRE		Indefinites as welly		
	Shannon, HQ director of		ENTERPRISE BOARD.	時間 1	* How shauld person	ral computers best be	II
	engineering research; and Mr		Elizabeth A. Rowbottom, the		netwarked into the	distributed systems	1
	technology transfer. Dr Mercer		senior investment executive.		that are increasing		
	will be responsible for the	2 00 00 00 00 00 00 00 00 00 00 00 00 00	is appointed a director of		became the standa		SHIN
	proposed British Gas research	877 Sk.	Devonshire Enterprise Board			rd for commercial	<b>1</b>
	centre in the Midlands,	Mr Christopher J.S. Clegg has	(Investments).	TRAFALGAR HOUSE RESIDENTIAL (EUROPE) has	data processing?		11/
	replacing three research	been appointed a director of	The BRITISH LINEN BANK	appointed Mr Hugh Miller as	Speakers w	illinglude	41% per ce
	stations, two in London and	GUINNESS MABON & CO and HENDERSON CROSTHWAITE	has made the following	managing director in succes-	Speakersw	mincipue:	NOTIC
	one in Solihull, West Midlands.	CORPORATE FINANCE. He	nromotions: Mr D.R. Black.	sion to Mr Laurence Creemer			Pursuant t
	Dr Shannon will have the responsibility for the	joins from Chase Investment	assistant director, banking	who is moving to the US to	Mr Gilbert Hoxie	Mr Jim D'Arezzo	June 9, 1988 1
	engineering research station,	Bank where he was managing	department, has been	toin the residential property	Arthur D Little, Inc	Compag Computer	Shio-Etsu Po
	near Newcastle-upon-Tyne.	director, mergers and acquisi-	appointed a divisional director.	operation in North America.		Corporation	that the Com
•	and for transmission,	tions.	Mr E.D. Murray, assistant	Mr Miller was marketing and	AL ALLS Plan serversh		shares are is
	distribution and offshore		director, corporate finance,	sales director of Bovis Interna-	Mr Alain Blancquart	Mr Gordon Campbell	Swiss Franc
	research. Mr Wilson will be		has also been made a	tional Leisure Properties.	Borland International	Chips and Technologies, Inc	the conversio
	responsible for technology	group financial planning since	divisional director. Mr J.E.A.		and the second se	and the realition globy and	in the Instru
	marketing, including the	1966. He succeeds Mr Douglas	Watt, manager corporate	as sales and marketing	Mr G Gervaise Davis III	Mr Alex Osadzinski	As a result
	international consultancy	Ward who will remain on the board until his retirement in	finance, moves up to assistant director.	director. He joined Pilkington	Schroeder, Davis & Orliss, Inc		Yen per sher
	service, pipeline inspection	July.		on September 1 after a five	Concercity Source of They are	Sun Microsystems Europe Inc	Condition 7 c
	technology, technology	awy.	PETER HAND (GB).	year spell in Dusseldorf			shall be deter
	applications and patents and	Mr Roy Heape has been	manufacturer of animal health	for NEC Electronics	Mr Henning Oldenburg	Mr Geoff Morris	September 2
	hcensing.	appointed managing director	products and a member of the	and the second se	Open Software Foundation	X/Open Company Limited	Deperment
	Mr C.J. Marsland, Mr M.P.	of MIDLAND LIFE, the	Hillsdown Group, has	Mr Peter Andrews has been			1
	Adams and Mr J.D. Lovering	joint-venture life company	appointed Dr Michael	appointed chief estates	East intermetion ale	ease return this advertisement.	1
	will become directors of	established by Midland Group	Tenneson to the board. He is	surveyor, management, at	together with your		11
	SEARS on September 30. Mr	and Commercial Union	director of science and	FRIENDS PROVIDENT.			Dated: Septe
	Marsland is managing director	Assurance.	production at the company's	with the T Territory	Financial To Conference	ines .	
	of the footwear division. Mr	and the second second second	production and laboratory	Mr John E. Loosemore has	I <u>北</u> Conference	Organisation	
	Adams is managing director	Mr Manrice Lambert has been appointed a director of	complex at Leyland.	joined HINTON HILL (UK), a member of the British	126 Jermyn Street	London SW1Y 4UJ	
	of the mensweer and	BAA. He is chairman of the	PILKINGTON	Insurance Brokers'	Alternatively.		11
	childrenswear division. Mr	company's subsidiary, Lynton	ELECTRO-OPTIC MATERIALS	Association, as development	telephone: 01-925	2323	<b>i</b> l
l	Lovering becomes finance	Property & Reversionary,	has appointed Mr Alan Oxley	director.	telex 27347 FTCO	NF G Fax: 01-925 2125	<b>1</b> 1
		The state of the second st	and all house out the result of the				

#### **COMMODITIES AND AGRICULTURE**

Cocoa

# **Gold price falls** again on world markets

companies

M&M said those companies

Metena Minerals and

Galactic Resources would critically affect the attitude of

investors underwriting their growth. Goid output from Metana and Galactic was set to

grow at more than 25 per cent a year to 1993 from very small bases, the study said

half of the 1980s.

#### By Kenneth Gooding, Mining Correspondent

THE COLD price fell again in world markets yesterday and closed in London et \$409.50 e troy oz, down \$2.50 on Friday's close and the lowest level for 18 months.

48

Mr Graham Birch, precious metals analyst for Kleinwort Greiveson, stockbrokers, predicted: "The traders are going to try to push gold down to \$400 in the next few days."

The downward pressure on the price began in New York on Friday and continued in Hong Kong and Europe yesterday. It wes widely attributed to the oil-price weakness and consequent implications for infletion.

A sustained fall was likely to accelerate a reorganisation and rationalisation of the goid industry which was already on the cards, said a timely report from Metals & Minerals Research Services, a consul-tancy group based in London.

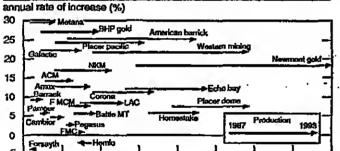
The study looked et the eight largest gold producers in Australia, Canada and the US, based on output last year. It said that on the basis of their san that on the basis of then likely 1990 results, only the biggest five or six could be con-fident of thwarting predators. Newmont Gold, Western Mining, Piecer Dome, Echo Bay, Piacer Pacific and particular Compaction Bay, Piacer Pacific and possibly Corone Corporation would be big enough to deter all but the most ambitious from mounting a hid, the report suggested.

Aii these companies are likely to produce operating profits of more than \$170m each in 1990, with e gold price of \$450 a troy oz, or more than \$110m with gold at \$350 an oz. American Barrick Resources and Homestake Mining also look unlikely takeover targets, especialiy in the muted

atmosphere now prevalent on the world's equity markets. On the other hand, the study said, if the goid price fell below now harder to find." \$400 an oz, or even to \$350, "the

ambitions and financial muscle of the independents may wane, leaving a store of gold reserves Motals and Minerals Research Services, 222 The Strand, London WC2R 1BA. £2,500 to be added to by those already

#### Annual gold production 1987~1993



COCOA E/tonne

COFFEE L/tonne

Doc Mar May Jul Sep Dec

Jan Mar May Jiy Sep

for Sea 17: 971.00 (977.97)

1115

er 1861

Close Previous High/Low

Turnover: 3634 (5709) lots of 10 tonnes ICCO (ndicator prices (SDRs per tonne). Daily price for Sep 16: 940 35 (962.73) 10 day everage

Close Previous High/Low

1119

1100

802 788 842 825

1115 1103

1115 1085

### coffee talks By David Blackwell

LINE WAREHOUSE STOCKS (Change during week ended last Friday) tonnes Aluminium standard +7.075 to 57.200

high grade + 9,126 to 95,775 -2,600 to 113,850 + 3,625 to 66,000 Institute, said ha believed delegates would set a total global export quota for the coffee year from October 1. Brazil will seek a cut in the +3,625 80 66.000 +336 80 2,490 -450 80 30.600 -200 80 11,200 Silver (oz). + 60,000 to 14,964,000

**Optimism** 

surrounds

quota of at least 58m bags (60kg each). This was the initial level of last year's established as major mining quota, progressively cut to 51.5m bags as prices fell Delegates will also discuss the price range to be defended, LAC Minerals, Pegasus Gold, Battle Mountain Gold, Cambior and Australian Consolidated Minerals "may be vulnerable to this scenario."

currently 120 cents to 140 cents a lb. The ICO indicator price such as Amax Gold and Freeport McMoRan Gold, spun off and given e separate stocklast night was 111.6 cents a lb. The talke are even as crucial for the future of merket quote by parents, "could all be seeking growth through acquisition as present the International Coffee Agreement which expires next

Last night on the London Futures and Options Exchange production plans and reserves cannot provide the springboard (Fox) three-month rohusta for e move into the hig league." However, any delays to the audacious expansion programmes of companies such closed £2 a tonne down, at from a fall. Dealers said trading was mostly routine, with littla fresh husiness

expected as talks continued.

the Intarnational Cocoa Organisation (ICCO) talks in the early hours of Saturday morning. "We have lost two weeks," said a weary delegate. OPTIMISM SURROUNDED yeoterday's opening of the International Coffee Yesterday the three-month contract on London Fox touched a new 12%-year low of Organisetion's fortnight of talks in London. Mr Jorio Dauster, head of Brazil's Coffee £752 a tonne, before recovering to close at £771 a tonne, £7 up

on last Friday. However, the ontlook remains bearish. Some traders expect prices to fall as low as 2600 a tonne by the start of total quota. Consumers want a next year when delegates will reconvene in London to try once more to thrash out the issues that have paralysed the agree

The history of the ICCO's attempts to support the market through a buffer-stock system has been bedevilled by internecine wrangling over the rules of the 1986 agreement.

At the talks in the past formight in London consumercountries have throughont emphasised their willingness to negotiate on the higgest

THE COCOA market has

nowhere to go but down

following the failure of

to negotiate on the higgest problem, the range of prices which the agreement should be trying to defend. They were hoping for an early settlement of the price issue, together with the question of producer-country arrears in levy payments, so

Second position futures (£ per tonne) 1200 1100 1000 900 800 700 Sep 1987 1988 Sep

death."

culture Minister, said the pact "appeared to be dying its own

Ivory Coast depends on cocce for about 40 per cent of its export earnings. It refused, after the dispute over defence prices blew up between consumers and producers last March, to sell its cocoa for less than FFr1,200 (\$190) per 100kg. Its cocoa is in great demand from Western confectionery-

Bitter nightcap for the cocoa agreement

This led to tightness in world supplies of top-quality cocce and undoubtedly helped market prices. However, last week Ivory Coast sold about 10,000 tonnes at FFr1,100 per 100kg, equivalent to about \$390

week's market fall. Analysts

David Blackwell on the ICCO's failure to come to grips with its problems March hut it still has to be properly maintained by rotation, an expensive believe the country will continue selling as the new

business. The secretariat wanted authorisation to sell the buffer stock \$48m in levies which it is supposed to pay at some of the stock to finance maintenance of the rest. Ironically, almost the the rate of \$30 a tonne on its exports. Most other producers have followed Ivory Coast's example and huffer-stock

The Govarnment has, in

conversion rates remained low.

Employment gains, part of

Even arguments for

Government's initial

arrears now total about \$70m. The two-key issues of the price defence range and the levy arrears dominated the ICCO talks throughout. Consumers, optimistic at the outset, gradually despaired of a solution being found.

Producers would not accept the findings of a special panel, set np to adjudicate the dispute, which backed tha consumers' case that the rules demanded an automatic decompared adjustment downward adjustment.

The talks ended with the prices to be defended remaining in the range of 1,485 Special Drawing Rights to 2,1555DRs, the level they were at six months ago and way out of line with the market. The latest ICCO indicator price stands at 971.60SDRs a tonne. The level of arrears in the level of arrears in levy payments has worried the ICCO secretariat, which proposed that all levies should be sumended from Orthonic

be suspended from October 1. The 250,000-tonne buffer-stock was completed last. is already growing at 3 per cent to 4 per cent a yaar.

crop begins to come into its already swollen stores. Further, Ivory Coast owes

only income for the buffer

stock now comes from the consumers, which pay a \$30 a tonne levy on imports of cocca-from countries that do not belong to the ICCO. Consumers backed the proposal to euspend the levy and sell from the buffer stock hnt producers opposed it.

The vote ended in yet another stalemate stalemate. The talks' failure, although expected, has heen an additional factor-driving down an already weak market. Analysts expect the downward drift to continue as the fifth consecutive year of surplus

consecutive year of surplus cocca production approaches. Gill & Duffus, the London trader, in its cocca report estimates the world stockpile will be 745,000 tonnes at the end of this month, the ICCO estimates it even higher at 835,000 tonnes.

In the face of the continuing growth in world production it is difficult to see what the ICCO could possibly do to shore up prices. Consumption

# Planning to cut deforestation in Indonesia down to size John Murray Brown on a controversy over switching supply from natural forest to plantations

It said the gold industry'e destiny was being shaped by factors which only recently M r Bob Hasan, chair-man of Indonesia'e wood-panei associaemerged at the end of the so-called gold-rush in the first tion end acknowledged Svengali of the powerful plywood industry, these days keeps note of the country's timber needs on a small slip of The authors, Mr Tim Petterson and Mr Huw Roberts, said: "Concern is mounting about the ability of paper in the pocket of his blue safari suit. investors to absorb an everincreasing surplus of goid.

Equity finance for projects is more difficult to raise. Gold properties with easily Mr Hasan is causing a few raised eyehrows in Jakarta, His latest proposal to switch rawexploitable ore reserves are material supply from the natural forest to plantations has met consternation at a time the industry is under attack from both Beyond the 1980s' Gold-Rush conservationists and a government publicly committed to a radical shake

up of the forests sector. Many believe Mr Hasan's plan is unrealistic, relying as it does on a enbsidised reforestation programme which to date has been a

which to date has been a palpable disaster. The World Bank, in an alarming report hy its environmental division, worries that with the current rate of deforestation, supplies to the industry cannot be sustained even at current

in the year to last March, mainly on the back of increased housing demand from Japan. The fires have been further fanned by Mr Hasrul Harahap, the new Forestry Minister, who has set out to regale corrupt timber companies for widespread tax abuse and illegal logging practices. Indonesia is the world's

largest snpplier of tropical wood products and accounts per cent of world for 80 plywood trade, now the largest source of foreign exchange outside the oil and gas sectors, The country's forests, which contain the world's richest stands of commercial timbers, were estimated at 114m hectares in 1981, 10 per cent of the world's remaining rainforest. Only tha Amazon

basin of Brazil is more extensive. However, rapid degradation

has been caused by rapacious logging, slash-and-barn agriculture by smallholders, land-clearance for tree crops and the government resettlement programme. The United Nations's Food

than the UK's Forestry Commission has planted in 40 years since after the end of the Second World War. The World Bank calculates

that, notwithstanding ecological damage, deforesta-tion represents a loss to the Government of a staggering \$1bn every year, offsetting total forestry earnings of about \$2.5bn. The bank also says the official tally of 55m ha to 60m ha for production forest may today be overstating the case

by as much as half. In April the bank approved a \$34m loan, tha first of its kind to Indonesia's forestry sector. It will finance a comprehensive inventory of timber stock to help establish a hd on logging extraction, now ranning at between 26m cu metres and 30m cu metres a

The study is also likely to highlight just which of the about 500 concessions have been breaking forest rules, a sensitive subject given that

many concessions are used by the Indonesian military to fund hardware purchases. Poor control is one problem.

of valnahle hardwood before alerting Indonesian affecting revenues. authorities. More worrying is logging-Today the industry is under pressure to increase extraction

companies' systematic under-invoicing of their exports. This rates just to recover the \$2hn cost of investing in more than 100 plywood factories and sswmills. Mr Hasan says his members not only encourages over-logging bnt represents a considerable tax loss, estimated by FAO to cost the are only now coming into profitability. Government \$80m every year.

Tax-avoidance is another problem. In April Mr Harahap estimated royalty and otumpage arrears at Rupiah 60hn (\$20.9m). The World Bank says that if dnes had been collected on all timbers effect, taken a large stake in domestic industry without receiving equity shares for the investment. It was calculated, in a 1966 study, that for every dollar gained in plywood exports more than four were lost in log-shipments, because harvested, and tax rates at 1980 levels, the Government could have raised fiscal receipts by ply was sold at prices below \$1.2bn in 1980-85. output costs, and timber-

The bank is now proposing tax reform and an extension to the current 20-year concession rationale, have been minimal. The forestry sector contributes less than 2 per cent of gross domestic product, a measure of a incomes. in the sector. The ratio has actually been falling when 5020 The present system, because it is shorter than the forest's 35year harvest-cycle, is seen to provide little incentive for good, long-term forest

If anything, problems facing the plywood industry are more severe. Indonesia, before since 1979. technology-transfer are less.

ontput without adversely forward-contract basis at fixed prices.

The industry now sets great store hy its plantation programma. Mr Hasan says only veneers will be supplied from the natural forest in future. Under the scheme new plantations will cover 4.4m ha by the year 2000, at a cost of about \$4bn. Mr Hasan says Indonesia, taken with the Dutch colonial estates, will have a plantation stock of 6.2m ha, increasing at a rate of 90m cu metres every year.

However, to date only 30,000 ha have been established. Poor species-selection is one handicap, resulting in a 30 per cent tree-failure rate. Moves to get lumber companies to reforest their concessions have met with little enthusiasm. The reforestation fee, charged at \$4 a cu metre of cut timber which was intended to fund, replanting is treated by many companies as just one more

Even were the plan to succeed, the long-term concern is that rainforest will be clear felled and planted with less valuable, fast-growing species. "That would be like selling

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hy Ivory Coast, the world's higgest producer, which appeared to have written off the talks from the start. Mr Felix Houphouët-Boigny, Ivory Coast's President, said before the talks that his country might stay out of the agree-ment when it expires in 1990, and Mr Denis Bra Kanon, Agria tonne.

The sale contributed to last

that the talks could move on to the next phase of price defence, a withholding scheme to take another 120,000 tonnes from the saturated world market. Howevar, producers said from the start that they were not going to be rushed into anything. Their stance has en overshadowed throughout

5 Control of the second	5 13								The icone has conferred on	hand in Danie patimates that	timber and your two manyant	the oppin 1000s meed the	ALL CONTRACTOR ALL ALL OF	with a month the bir the
0 200 400 600 800 1200 1200 1200 1200 1200 1200 120	-	000	400	600	800	1000	1000	4400 4000	The issue has surfaced as	based in Rome, escinates that	thanoer companies crossed the	the carly-1900s, used its	the plant and machinery	"That would be like selling
(DUU 02) Same Metrick Minute Series I reached record highs of \$10hn rate of Im he query was more carried ont a 50 mile sweets to vesticat. Janan and South Korner on a WWe " and a TIS formation	0		400	600	800	1000	1200	1400 1600	indonesia's plywood exports	indonesia is losing forests at a	border into Kalimantan and	monopolist position as a	imported from suppliers in	your Rolls-Royce to get five
	(00	U cz)			Sourc	o: Motais &	Minerals R	essarch Services	reached record highs of \$1.9bn	rate of 1m ha every year. more	carved ont a 50-mile swathe	timber-exporter to restrict	Japan and South Kores on a	'YWs." said a US forester.

#### WORLD COMMODITIES PRICES

#### LONDON MARKETS

ALUMINIUM PRICES came under pressure in morning trading on the LME on news thei stocks of the metal in LME werehouses rose e total of 18,200 tonnes last week. News that the Jemaican bauxile-alumine Industry suffered relatively minor damage from Hurricane Gilbert mey have elded the ell, treders said. In the afternoon prices railied on mixed buying end shortcovering which developed below the \$2,250-equivalent chart support level, and ihree-month standerd grade metal closed only £1.50 off at £1,374.50 a lonne. Copper prices else declined. In the alternoon the merket lollowed an early dip and subsequent raily on Comex. traders said, but the pace of trading remained elow. The London sovemeet (utures market went limit down in the ellernoon, extending morning losses and following weakness in Chicago.

weakness in Chicago.			daily 111.		
SPOT MARKETS			Average	111.00	(111.59).
Crude oil (per barrel FOB S	eptomber(	+ or -			
Dubal	\$11.60-1.67:		SUGAL	I (S per s	onne)
Gront Gland W.T.J. (I pm est)	\$13.10-3.17q \$14.46-4.49q		Rew	Close	Previou
OB products			Oct	213.00	222.60
(NWE prompt dalivory per	tonne CIF)		Dec	223.80	225.20
		+ or -	Mar	211.00 209.00	221.40
Promium Gasolina	5169-171	-1	May Aug	211.20	218.00 217.00
Gas Oil	\$118-120	-3.5	Oci	207.00	213.00
Heavy Fuel Oil	\$62-63	-1	1411-1-	<u></u>	
Naphiha Petroloum Argus Estimates	5131-133	-3	White	Close	Previou
Other		+ or -	Oct Dec	242.50 236.50	249.00
			Mar	239.00	246.80
Gold por troy 0:14	\$409.5	-2.5	Mey	240.00	248.50
Selvar (per troy az)	630c	-9	Auo	244.00	250.80
Platnum (per troy oz) Palladium (per troy oz)	5503 75 5118.50	-13.50	Turnov	er: Raw	7565 1588
				293 (689)	
Aluminium (free markel)	\$2405	-30			Fr per to
Copper (US Producer) Laad (US Producer)	1115 - 113c 37c		1510, N	lay 1510,	Aug 1525
Nickel (1909 markel)	540c				
Tin (European Iroe market)		-42.5			
Tin (Kuala Lumpur market)		-0.05	GAS OI	L S/tonne	
Tin INew York(	345.5c	-1.5		Close	Previou
Zine (Euro Prod. Price) Zine (US Primo Western)	51312.5 655c			_	_
			Oct Nov	120.50 122.25	123.50 125.00
Cattlo (live weight)?	112.16p	1.56	Dec	124.50	127.25
Shoep (deaa wolght)† Pigs (live wolght)†	150.34p 72.31p	-12.1° +2.19	Jan	124.50	126.50
			Feb	124.00	125.00
London daily sugar (raw)	\$255.66	-12.6	Mar	122.50	123.00
Londan daily sugar (white)		-6.5	Turnova	r 5362 (4	362) lots (
Tate and Lyla axport price		-8.0			
Barley (English feed)	£110g				
Maizo (US No. 3 yellow) Wheel (US Dark Northern)	£127v £122.25s	-0.75	GRAINS	1 Stonne	
			Wheat	Close	Detedant
Rubbar (Spot)	64.50p	-2.00	_		Previous
Rubber (Oct)♥ Rubber (Nov) ♥	71.00p 71.60p	-2.00	Sep	108.25	100.90
Rubber (KL RSS No 1 Oct)		-4.5	Nov	110.00	110.35
			Jan Mar	114.70	112.40 115.10
Coconut oil (Philippines)	55556	-5	May	117.40	117.70
Peim Oil (Malaysian)5	\$425q \$385		Jun	1(9.05	•••••
Copra (Philippines)§ Soyabeans (US)	5208.5	-40	_		Back
Cotton "A" Index	57.05c	-0.70	Berley	Close	Previous
Woolloos (645 Super)	8650		Sep	104.60	104.30
		e e e e e e e e e e e e e e e e e e e	Nov	106.40	106.30
C a lonne unless otherwise	selice p-pe	NOR NOR	Jan	109.10	108.95
c-conts/lo. r-naggit/kg. q-Oc Dec. v-Oct/Dec. z-Nov. tMer	a soproci		Mar	111.10	110.90
ago latstock prices. * chang	ie from a wa	ek ago.	May	113.00	
Belandon ohvalcal market.	SCIF Flattere	lem, 🛖	Turnova	r: Wheat	152  235)

1.00p 1.60p 1 <b>0.5</b> m	-2.00 -2.00 -4.5	Sep Nov Jan	108.25 110.00 112.20	100.90 110.35 112.40	106.65 108 110.25 110 112.35 112
5558 125q 185	-5	Mar Msy Jun	114.70 117.40 1(9.05	115.10 117.70	114,75 114 117_50 117 119.05
208.5 -40 2.05c -0.70 35p		Berley	Close	Previous	High/Low
		Sep Nov	104.50 106.40	104.30 106.30	104.60 104
stod. p s-Sep/C Commis	-pence/kg. )ct. w-Nov/	Jan Mar	109.10 111.10	108.30	109.10 109 1111.10 111

Barley 1

C a tenne c-cents/lb. Dec. v-Oct WLandon shysical market. SCIF Ratterdam WLandon shysical market. SCIF Ratterdam Guillan market close, m-Malaysian centarkg

	1091	1090 1068	3 months	637-4		49-52	
	1078 1078	1070 1054	Leed  C p	er tonne	9		
	1080	1070 1054 1080 1052	Cash	362-3			36
	1065		3 months			66-8 171-8	37
4	1449) lots o	1 5 tonnes	Nickel (S				
p	rices IUS c	ents per pound) for	Carab			0000 100	
		(110.66); . 15 day	Cash 3 months	11700		2000-100	11
ľ	111,59).		Zine (\$ pe	_			
			Cash	1355-		338-40	13
10	nne)		3 months	1325-	5 1	318-0	13
	Previous	High/Low					
)	222.60	224,00 211.00					
2	225.20	223.80 223.00 222.80 207.40	POTATO	55 E/ton	110		
:	221.40 218.00	219.00 208.60		Ciose	Previous	High/Low	
í	217.00	218.00 211.20	_	_		- Higher Co	
)	213.00	215.00 185.20	Feb	70.0	70.0		
	Previous	High/Low	Apr May	102.2	99.8	92.0 8 103.0 10	
,	249.00	246.50 242.00	Turnover	385 (54	0) lots of	A total	
)	243.80	250,50 236.50					
2	246.80	247.00 238.60			L C/tonne		
	249.50 250.80	248.50 240.00 249.50 244.00	SUTABL		r shonne		
_				Close	Previous	High/Lov	
3)		lots of 50 tonnes.		175.00	180.50	174.10	
		w); Dec 1520, Mar		182.50	188.00	184.00 18	2.00
		oct 1510, Dec 1520	Feb	186.90	193.50	_	
			Turnover	114  48	0) lots of :	20 tommes.	
			FREIGHT	FUTURI	E8 \$10/Ind	ex point	
	Previous	High/Low		Close	Previous	High/Low	v .
	123.50	121.00 118.75	Sep	1312	1323	1819 131	1
	125.00	122.50 120.50		1415	1422	1420 141	
	127.25	124.75 122.75		1478	1485	1478 147	
	125.50 125.00	124.25 122.50 122.75 122.50		1523	1535	1525 152	
	123.00	122.75 122.50		1324 1289	1336	1330 132	•
		100 tonnes					
		had Thursday	Turnover	01 (130			
-			TEA				
_	Pravious	High/Low				yesterday offer includ	
_		- 112-0 COM			no engan	Cher Picioo	

	At the London tax auction yesterday there
-	were 21.515 packages on other including
08.25 10.00 12.00 14,70 17.30	2.200 ottahore, reports the Tea Brokers' Association. The market continued selective with better liquoring bass from each origin stracting most interest. Quality assams mel increased competitian and prices often showed substantial increases of up to 222p per kilo. New season Bangladesh teas sold
	readily at firm to dearer levels. There was
04.50 06.35 09.00 11.00 12.65	good demand for brighter liquoring East Airicans at littla change in rates but others were (rregular and landed easier, Plainer Central Airicans also declined. Ceytons wera well supported and prices strongthaned. Ottahore tass met limited
75 (197) .	enquiry. Quotations: quality 190p (164p). medium 98p (98p), low medium 92p (82p).

LONGON	METAL EXC	HANGE	(Prices supplied by Amalgamated Metal Trading					
	Close	Previous	High/Low	AM Official	Kerb close	Open Interest		
Alumatorian	n, 99.7% purk	ly (\$ per tonne)	1. million 1. million		Rieg tur	over 2,650 tono		
Cash 3 months	2380-400 2380-90	2415-35 2370-80	2300 2340	2300-10 2340-6	2350-70	10,284 lots		
Afuneintun	1,89.5% purity	(£ per tonne)			Ring turns	wer 23,000 tonne		
Cesh 3 months	1415-20 1374-5	1425-30 1375-7	1375/1372 1380/1348	1375-7 1347-8	1384-5	46,007 Jots		
Copper, G	rade A (£ per	tonne)			Ring turns	wer 45,150 tonne		
Cash 3 months	1459-60 1413-4	1479-81 1428-30	1460/1454 1416/1411	1456-7 1412-3	1412-8	64,929 lots		
Copper, S	andard (2 pe	r tonne)			Filing	tumover 0 tonna		
Cash 3 months	1300-400 1360-70	1420-50 1385-60		1390-400 1360-70		39 lots		
Silver (US	cents/line ou	nce)			Rin	g turnover 0 oza		
Cash 3 months	624-7 637-40	636-0 649-62		625-6 636-9		458 lots		
Leed  £ pe	r tonne)				Fling turns	ver 11,825 tonne		
Cash 3 months	362-3 367-8	366-8 871-8	365/361 370/365	360-1 366-7	367-9	10,644 lots		
Nickel (S p	er tonne)				Ring tu	mover 760 tonne		
Cash 3 months	11700-800 10900-50	12000-100 11000-50	11900/11700	11700-800	10050-1000	6,455 jots		
Zinc (\$ per	tonne)				Ring turno	ver 73,350 tonne		
Cash 3 months	1355-60 1325-6	1338-40 1318-9	1355/1340 1327/1815	1341-2 1316-8	1317-20	20,482 iots		

LONDON BULLION MARKET

408<sup>1</sup>4-408<sup>1</sup>4 407<sup>1</sup>4-408<sup>1</sup>2 409 × 409 409<sup>1</sup>2-410 407<sup>1</sup>2-408

\$ price

421<sup>1</sup>/2-428<sup>1</sup>/2 421<sup>1</sup>/2-428<sup>1</sup>/2 421<sup>1</sup>/2-428<sup>1</sup>/2 418-423 408-412 98<sup>3</sup>/4-87<sup>3</sup>/4 98<sup>3</sup>/4-87<sup>3</sup>/4 513.95<sup>-</sup>21.05

D/Rine oz

LONDON METAL EXCHANGE TRADED OFTIONS

Cells

Nov Jan

Calls

191 129

202 206 50 141 158 88 93 119 139

154 112 78

375.10

396.40 396.50 421.40

2 80

243-24412 243-24514 243.815 243.859

£ equiva

251-254 251-254 251-254 249-252 249-252 244-245 57<sup>1</sup>4-58 87<sup>1</sup>4-58<sup>1</sup>4 308.4-310.8

US de endv

Puts

127 178 235

(31 186 250

Puts

41 77 120

Nov Jan

629.00 642.05 656.50

684.80

Gold (fine oz) \$ price

Alternoon i Dey's high Dey's low

Maplelos Britannia US Eagle

Angel Krugarna New Sov

Old Sov.

Silver fix

0 months

2250 2350 2450

2250 2350

12 months

Aluminium (69.7%)

Strike price \$ tonne

Copper (Grade A)

**US MARKETS** PRECIOUS METAL prices continued to ellp as buyers remained absent from the market, reports Drexel Burnham Lambert. Gold prices tell 2.80 while platinum declined 12. Silver lost 10 cents in early trading but rebounded to close up 8 cents. Arbitrage selling in the copper weakened prices by 70 points in light volume. In the soft markets, sugar futures were down 73 due to new shorts from commission houses and local traders. Coffee lost over 100 on speculative sellers and news of raintail in Brazil. Cocca gaine 11 (n quiet trading. The meat marke were dominated by the commission houses. Resting stop orders added to the sell off. The grain markets featured funds selling and continued local selling due to its technically weak condition. Soybeans lost 2812 in the November contract. Cotton prices eclined 80 after breaking support levels early in the day. In energy trading, fund buying prevented crude oil from selling off. Short covering due to the expiration of the October contract also gave the market strength.

New York

408.2 410.2 412.7 415.4 420.8 425.2 431.8 437.3 443.0

Close

503.0 503.0 505.6 516.6 516.3 522.0

Close

637.9 636.7 643.2 647.5 652.6 882.5 672.5 663.2 663.2 663.8 710.0

Sep Oct Nov Deb Feb Apr Aug Oct

PLAT

Sep Oct 15 Apr Jo C

Sep Oct Nov Dec Jen Mey Jul Sep Dec

COF

Sep Oct Nov Dec Jan Mar May Jul Sep Dec

GOLD 100 troy oz.; \$/troy oz.

Close Previous High/Low

410.8

416.1 421.2 426.8 431.7 436.0 442.0

on High/

503.5 506.5 509.5 515.0 519.0 519.0 527.0

636.0

648.0 646.0 654.0 655.0 679.0 695.0 707.5

High/Low

119,00

5 103,90 9 94,00 90,50 0 0

Previous High/Low

408.0

413.2 418.7 424.5 430.0 435.0 441.0

502.5 016.0 519.0

524.0

624.0

650.0 652.0 673.0

683.0 699.0

111.90

0 102.70 96.00 93.00 90.50 0

411.3

411.7 412.9 415.4 418.2 423.7 429.2 434.7 440.4 446.1

UM 50 troy oz; \$/troy oz.

517.4 515.4 518.6 521.9 530.4 530.4

SILVER 5,000 troy oz; cents/troy oz.

632.5 635.0 539.8 644.0 649.1 659.3 609.5 690.5 691.3 707.8

ER 25,000 lbs; cents/ibs

173.00

175.00 111.25 107.50 104.00 101.50 96.50 83.50 01.00 89.10 87.00

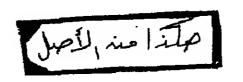
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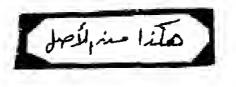
112.40

112.40 110.50 107.10 103.30 101.00 96.50 93.60 91.00 69.20 87.00

Pre

GRU	DE OIL'(L	ight) 42,000	US galls		t Ci	nicag	IO 0	1.1	
	Latest	Previou	High/L	. ·					
Oct -	14.55	14.57	-14.59	· 14.30 ·		_	,000 bu <i>m</i> in;		
Nov	14.30	14.36	14.34	14,12		Close	Previoue	High/Lov	
Jan	14,14	14.24	14.10	14.00	Sep	821/0 881/0	647/4 -	839/0 862/0	817/4 829/4
Feb	14.17	14.27	14.22	14.05	. Jan	831/0	069/0 *	861/0	839/0
Mer Apr	14.20	14.32	14.30	14.08	Mar	840/0 -	875/0	806/0	845/0
Jun	14.32	14.47	14.44	14.52	May .	840/0	865/0	845/0	838/0 828/0
Jul .	14.41	14.62	14.41	14.41	Aug	820/4	840/4	830/0	518/0
HEAT		12,000 US g			SOY/	BEAN OIL	60,000 lbs;	cents/lb	
	Latest	Previou		_	_	Close	Pravious	High/Low	
Oct Nov	4125	4137	4146	4000	Sep	24.70	25.42	26.80	24.55
Jan	4305	4300	4310	4245	Dec	25.27	26.50	26.60	24.00
Mar	4100	4104	4115	4095	Jen	25.65	26.01	26.00	25.07 25.40
Apr May	3975	3954 3904	4010	3900	Mar -	25.60	26.91	26.80	28.00
Jun	3865	3854	3895	3835	May Jul	26.42	27.30 27.10	27.00	25.30
COCC	DA 10 Iom	100;\$/10/194			Aug	26.10	27.00	27.00	26.10
	Close	Previous	High/Lo		SOYA	BEAN ME	AL 100 tons;	\$/lon	
Dec	1184	1173	1187	1171		Close	Previous	High/Low	
Mar	1109	1160	1170	1156	Sep	261.5	273.8	272.0	260.1
Jul	1185	1177	11 <b>87</b> 1210	1172 1193	UC,	260.8	270.8	200.0	200.8
Sep	1231	1210	1219	1217	Dec .	200.7	270.7	208.0	260.7
Dec	1258	1257	1268	1257	Mar	251.2	205.7	266.5	258.6
CONT	EE "C" 37	,500ibs; ce	adit/atra		May	253.2	262.5	259.0	253.0
	Close	Previous	High/Lo		· Jul · Aug .	250.0	257.6	254.0	250.0
Sep	121.75	124.13	123.50	120.50			min; centa/5		243.5
Dec	123.92	125.04	124.80	122.10		_			
May	123.75	124.40	124.00	122.00		Close	Previous	High/Low	
Jul	123.63	124.37	123.35	122.60	Dec	271/2 284/0	278/6	277/0	270/4
Sep	122.25	123.60	123.00	122.60	Mar	290/6	296/2	269/0	28370
		-11- 112.0			May Jul	294/4	299/2	298/0	293/6
	Close	_	_	_	Sep	294/2 278/0	298/2 281/0	296/0 .	293/4
	_	Previoue	High/Los	_	Dec	206/6	270/6	271/0 :	267/4
Oct	9.53 8.65	10.05	9.97	9.32	WHEA	T 5,000 bu	min; centeA	Mib-bushel	
Mar	9.18	9.74	9.71	9.06	- · ·	. Close	Previous	High/Low	
May	9.21	9.71	9.53 9.44	9.21	Sep	· 396/2	403/0	401/4	395/0
Oct	8.96	9,48	9.28	8.96	Dec. Mer	412/0	417/4	418/4	410/5
Jan	8.66	9.10	0	0	Nav	417/2	422/2	423-0	415/4
COTT		cents/ibs			_ Jul	365/2	386/0	306/0	363/0
	Close	Previous	High/Low	V		1. 1	5.00		
Oct	62.05	52.90	52.79	51.95		ATTLE 40	,000 lbs; cen	be/libe	
Dec Mar	50.68 50.68	51.63 51.70	51.45 51.48	50.20 50.30		Glose	Previoue	High/Low	
May	86.50	62.02	51.60	50.60	Oct	69.00	69.95	69.72	66.72
Jul . Oct	51.35 51.65	52.50	52.25 51.20	51.05	Dec	71.15	71.62	71.90 · · · · · · · · · · · · · · · · · · ·	70.60
Dec	52.00	53.20	53,40	51.65 52.17	Apr	73.57	73.57	73.90	73.17
ORAN	GE JUICE	15,000 lbs;	cents/ibs	_	Jun Aug	72.76	72.87	73.20 70.70	72,45
	Close	Previous	High/Low		Sep -	70.80	79.60	0	.0
840	186.50	190.10	190.10	186.00	Oct	69.90	70.25	70.55	69.90
Nov	176,10	178.45	178.10	175.80					
Jan Mar	166,90	168.25	187.70	188.25	LINE	098 30,00	0 lb; cents/l		
May	164,20	165.35	165.90 163.76	165.00 169,75		Close	Previous	High/Low	
Jul	163.55	164.25	164.00	164.00	Oct	\$7.67	37.97	38.15	\$7,40
Sep Nov	162.55	163.25 163.25	с.	0	Dec	40.25	40.45	40.80	39.00
Jan	182.50	163.25	0	0	Feb ·	43,45	43.40	43.76	43.00
				· .	Jun	46.27	48.00	43.55	42.85
					Jul	48.65	48.45	48.80	46.05
				1	Aug Oct	47.12	47.05	47,90	47.10
REVIE	ERS (Bas	e: Geptomt	Wr 10 1931	- 100				45.15	44.55
		Sept 15			PORK		8,000 itse; ce	nta/itb	
	1890.6					Close	Previoue	High/Low	÷
		1903.9	1856.5	1006.6	Reb			_	
		ase: Dec. 1		100)	Peb.		50.65 50.97	50.50 50.97	49.45
Spot	133.38	133.89	132.43	128.36	May -	01.75	52.70	52.52	\$1.35
	Ma 192 mm	100							
	× 135.25	136.86	194,47	131.31	Jul Aug	62.25 51.10	51.30	53.05 52.10	52.25 St.10





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# WORLD STOCK MARKETS

Thy C				
₹	AUSTELA Sectomber 19 Sch + are FRANCE	CERMANY (continued)	IETREBLANDS Icontinued SWEDEN (continued)	CANADA
IZC	September 19         Sch         + # # -         FRAMES           Construction         2,000         +10         September 19         Fr.         + #           Construction         2,000         +10         Air Lingide         210         -5           Jackbandiager         2,000         +10         Air Lingide         210         -5           Jackbandiager         77,700         +00         BSN         5,000         -7           Stars-Diamitro         640         +20         BSN         5,000         -7           Stars-Diamitro         641         +20         BSN         5,000         -7         -6           Stars-Diamitro         194         -2         BSN         2,475         -6         -6           September 19         Frs.         + tr<-         Club Mediamane         2,475         -6           Bart 18         1.0         13,520          Club Mediamane         2,275         -6           Bart 19         1.0         12,000         +25         Demot 5,4         -622         +2           Cackertin         5,000         +200         -1         EStir         2,465         +10           Dehtaiz         6,000<	Saptamber 19         Bat.         + ar -         S           Hocks:         2005.8         +24.6         1           Hocks:         157.3         +4         1           Hocks:         2005.5         +2.6         0           Hocks:         2005.5         +2.6         0           Hocks:         2005.5         +2.6         0           Hocks:         2007.5         +4.2         0           Kosciak:         200         +8.2         0           Kosciak:         200         +8.2         0           Kosciak:         2007         +6.0         0           Kosciak:         2007         +6.0         0           Kosciak:         2007         +5.5         0           Maxagemen         126.5         +6.0         0           Maxagemen         126.5         +6.0         0           Maxagemen         126.5         +4.5         0           Maxagemen         126.5         +2.5         0           Maxagemen         126.5         +2.5         0           Maxagemen         126.5         +3.3         0           Rascala:         2267         -2.5	Strippid AktOS isomitean0         Strippid AktOS isomitean0         Strippid AktOS isomitean0           iegitamber 19         Fis. + er -         Strippid AktOS isomitean0         Strippid AktOS isomitean0           iegitamber 19         Fis. + er -         Strippid AktOS isomitean0         Strippid AktOS isomitean0           iegitamber 19         ZSD 0         -22         Strippid AktOS isomitean0         Strippid AktOS isomitean0           iegitamber 20         ZSD 0         -22         Strippid AktOS isomitean0         Strippid AktOS isomitean0           iegitamber 20         ZSD 0         -22         Strippid AktOS isomitean0         Strippid AktOS isomitean0           iegitamber 20         ZSD 0         -23         Strippid AktOS isomitean0         Strippid AktOS isomitean0           isomitean0         GSD 0	Name         Name <th< th=""></th<>
	JAPAN September 19 Yes + or - September 19 Yes + or	Sopksamber 19         You         + or         Se           Nispon Li Metal	AUSTRIALIA (conditioned) celusisher 19 Yest + ar - September 19 Aust5 + a elia	7350 Contaught 5274 275 274 34000 Lawanki A 5134 135 134 4 66606 Sawra Can 5124 124 124 4 144 34 144 14 14 14 14 14 14 14 14 14 14 14 1
4 7 Starl 2	Allocamoto         2.970:         -10         Jatco         1,790         -10.           All Mippon Alr         1,660         -20         Kagama         1,410         1,400           Ally Silectric         1,720         +20.         Kagama         1,740         +20.           Anano         1,720         +20.         Kagama         1,740         +20.           Anano         1,720         +20.         Kagama         1,740         +20.           Anano         1,760         +20.         Kambo         -913         +9.           Anano         1,760         +20.         Kambo         -913         +9.           Andro Construct:         -760         -8.         Kassal Elest Puerer         2.990         -           Acritor         2.220         -90.         Kassal Elest Puerer         2.990         -           Achildrand Bild         5.500         +20.         Kashara         1.750         +30           Asshil Chemicalis         1,020.         +10.         Kashara         1.750         +40.           Asshil Glass         1,930         +40.         Kashara         1.750         +35	Nippon Seeso         700         775         76           Nippon Sello         775         -5         To           Nippon Sh Gaza         806         806         775           Nippon Shingar         1,110         430         To	Sa metroly algo         1.100         1.00         Nature Nickless         7.26           oto	OVER-THE-COUNTER Nasdaq national market, 2pm prices September 19
A DE LE LE AL DE LE AL DE LE AL DE LE	Acasharra         5,500         120         Koshbarra         1,750           Asah Chenkais         1,950         -         Koshbarra         1,750           Asah Chenkais         1,950         +10         Koshbarra         1,270         +36           Assyt Mytoo         -         1,170         +10         Koshbarra         1,220         +16           Assyt Mytoo         -         1,170         +20         Kinteras Singlet         1,220         +36           Bark Toiyo         -         1,170         +20         Kinteras Singlet         1,250         -20         53           Bark Toiyo         -         1,170         -         Kinte Elect         2,500         -20           Bridgetinee         -         1,280         -         Kinte Elect         2,500         -20           Bridgetinee         -         746         -         43         Kolen Mig         3,150         -70	Hispon Heat Park         13.80         +30           Hispon Hinsy         694         -23         76           Hispon Hinsy         694         -23         76           Hispon Hinsy         694         -20         76           Hispon Rout         11.00         -70         76           Hispon Scien         775         -5         70           Hispon Scien         785         -12         76           Hispon Scien         782         -10         10           Hispon Scien         790         -10         10           Hispon Scien         1,290	Starting         25500         -200         Nutri Assister         7.02	Continued from page 51
and a second s Second second s Second second s	Antifier         2,220         -90         Carsal Paint         Sist           Ack/Core         916         -23         Kond Corp         1,750         1,750           Asth (CoreNets)         1,920         +30         Kond Corp         1,750         1,750           Asth (CoreNets)         1,150         +30         Kond Corp         1,250         +30           Asth (CoreNets)         1,150         +30         Kond Kary         1,250         +30           Bark Tolyo         1,150         -0         Kink Elect         2,250         -30           Bark Tolyo         1,120         -20         Kink Elect         2,250         -30           Bark Tolyo         1,410         -20         Kole King         3,150         -70           Calpis Food         1,320         -20         Kole King         3,510         -30           Canob Sale         3,000         -20         Kole King         3,530         -30           Calpis Food         1,320         -20         Kole King         3,530         -30           Canob Sale         3,500         -20         Kole King         3,530         -30           Calpis Food         1,550         -30         Koreaka S	0dalyu Elec Riy	elicity 001         1240         -10         Hit4         13.80         -0.           shiftina         22500         -200         Hit4         15.81         -10.           shiftina         22500         -200         Hit4         15.80         -0.           shiftina         22500         -200         Hit4         15.80         -0.           shiftina         22500         -70         Hard Back         7.25         -0.           shiftina         2250         -70         Hard Back         25.5         -0.           shiftina         2250         -0.0         Hard Back         2255         +0.           shiftina         2250         -0.0         Pacific Dasloy         2255         +0.           shiftina         2260         -30         Pacific Dasloy         226         +0.           shiftina         2260         -40         Pacific Dasloy         226         +0.           shiftina         12740         -0.0         Sattos         3.70         -0.0           shiftina         12740         -0.0         Sattos         3.70         -0.0           shiftina         12740         -0.0         Sattos         3.70	SEI 056 20 2224 191, 19 19 19 19 1 14 1 2 19 10 11 12 21 20 20 20 20 20 20 11 11 11 11 11 12 11 10 12 10 20 20 20 20 20 20 20 10 12 10 10 12 10 10 12 10 10 12 10 10 12 10 10 12 10 10 12 10 10 12 10 10 12 10 10 12 10 10 12 10 10 12 10 10 10 10 10 10 10 10 10 10 10 10 10

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. n 12	Furdiawa Elect	1-10	1750 ISS 100 Call 1750	1.7	Seldini House	1680 20	September 19.	Autts '+ a	Wharf Hildgs	-0.05	500
255 - C 4712	General Cross	-20	M' bishi Qil		Setts Paperbeard	1130 10	Adelaide Steeres	7.60 -0.1	World Inti Hidge		540
	Gan-El Caesa	Fa .	M'bishi Paper	+20	Seven-Eleven	7.189		4.72 xc +Q	2	110.06	80
5	Hasegawa Kont 1,120	+20	M'bishi Petcheni	+28	Sharp	1020	Arladae Aast	0.10			Siz
	Hasepawa wort annual 1,120	協	M'bishi Plastics		Shimiru Construct	1750 -20	Adding		September 19 55		Bm
	Helwa Real Est 1,570	110	M'bish Tst	-in .	Shippon	1750 -20	Alez Groep	200 01	3 September 17 35	+ #7-	Boc
2	Higo Motors 933	123	Whishi Wardsz 1.660	+10	Shisekio	1,650 -30	BNP		Boustend Hidgs 1.41	-0.05	Bog
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á.	Hitachi	+10	MICSU CO [0/3]	+5	Showa Dento	1200 -50	Bell Group	200			201
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rgo	Hogsbu Paper	458	Mitselvehl 1.780	1	Somitions Count	620 146	Bridge Oil	Lax Fed	Keppel Corp	122	1
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	itobiC 834 .	120	NEK Spark Ping ==== 1.570 NKK Corp		Supitoro Tr & bk	2,790 190	Costale Anst	3.00.	Singapore Air 11.5 Singapore Press 7.30		-
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		T	Niktus Sec 1,690	100		1,060	Geo Prop Tronz	245 40.	5		NK
	JAL 13,700	-100	Nizze Corp 1.300 Nizze Desso 1.960	12		1990 20	Hardle (J)	296 00	12 MOTES-Prices on this page	and the local day	Ke
and the second	Japan Radio	±20	Nippon Doeso {1,950	100	Talyo Fishory Talyo Koke Bank		Hartegen Ellergy	1 40		are lace trained	5u
her. 1	Japan Stori Wits	3	Nigon Caprest	148	Takara Shere	1350 -20	AC Aut	7.30 -0.0	2 prices. (u) unusuitable. # Dea	tions grounded.	Ko
	Jap S Battery	Fig .	Niceson Hedo	140	Taketa	2.630	Industrial Equity		2 ad Ex dividend. sc Ex scrip iss	aL to Exclusion	1_
	Julo Paper	1.50	Nicopos Bedo	1.29	Tanate Selvato	1,950 1-20	Janes (Dartin)		14 Iza Er all.		-

INDICES

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	TOP			Active Sto plember 1988	ocks			Travelling on Business in Luxembourg?
Nippon Steel	Stocks Traded 181.6m 101.9m 26.0m	Closing Prices 785 753 820 670	Change on day + 12 + 16 + 16 + 21	Mitubishi Heavy Takyo Gay Toshibe	39.0m	973 1,300 1,190	+ 20 + 30 + 16	Enjoy reading your complimentary copy of the Financial Times when you're staying in Laxembourg at the Hotel Cravat, Holiday Inn. Intercontinental Hotel. Hotel President

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NEW YO	RK	D	ow Jo	ONES		• • •	•
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Transport	876.94	870.37 875	30 871.57		High I	1101.14	12.32
DUTINIES	180.24	179.05 179	82 178.76	1990 1990 1990 1990		04/0/07/ 227.85 (22/1/87)	10.50
40ay's High 2013.26	(2112.55)	Low 2077.70	(2064.26)			•••	
STANDARD AND POO	TS. In t	268.13 249	1 1 267 43	1 254	1 28.63	1 336.77	4.40
Compositor &		307.94 309		57763	<b>#</b>		04/30
	26.05	270 3		- (22,6)	21-1	20	440 4,6,732 3,12 721,6,132 7,44
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AlfSTRALIA Alf Ordinaries (1/1/00) Alf Mining (1/1/00)	1539.5 695.5	1559.9 719.8	1567.9 729,2	1549.5	1657.8 (9/8) 847.8 (9/6)	1170.7 G8/20 532.4 G8/20
ALISTRIA Credit Alales (30/12/84)	201.8	201.4	200,6	200.3	201_8 (19/9)	163.96 (11/2)
BELGIUM Branch SE (1/1/80	5350.0	5102.9	5068.3	5035.6	· 5150.0 (19/9)	3608.354/10
DENMARK Copeningen SE (3/1/83)	223.21	221.86	221.26	220.56	227,96 (3/6)	180.68 (4/1)
FINLAND Unitas General (1973)	754,2	711.9	734.4	711.6	772.1 (8/8)	530.6 (15/1)
FRANCE CAC Emeral (31/12/82) Ind. Tendance(31/12/87)	3466	345 1993	366,4 138,4	359.2 138.9	348.5 (8/7) 139.5 (19/1)	251.3 (29/1) 89.7 (29/1)
GERMANY FAZ Akties (31/12/58) Columershinik, (1/12/53) DAX (30/12/57)	515.09 1565.29 1252.66	507.29 1542.6 1235.05	506.08 1539.4 1228.11	504,64 1535,2 1224,71	515.09 (19/9) 1565.20(19/9) 1252.66 (19/9)	396.40 (29/1) 1207.9 (29/1) 931_18 (28/1)
HONG KONG Hang Song Bank (SS)/7/640	2447.58	2458.82	2174.08	2481_57	2772.53 (12/7)	2223.56 012
TTALY Banca Com. Ital, (1972)	556.13	519.65	522.77	519.73	545.07 (18/3)	423.91 (9/2)
LAPAH** Michel (16/5/47) Tokyo SE (Topix) (4/1/60	27901.00 2151.86		2 2	27805.67 2146.73	28423.38 (5/8) 2253.19 (2/8)	21217.04 (4/1) 1690.44 (4/1)
NETHERLANOS AND-CRS General (1970) AND-CRS Industrial (1970)	269.2 225,4	269.7 225.1	270.2 226.1	248.2	284.8 (5)59 239.3 (5)59	205.7 (40) 157.9 (11/1)
NORWAY Quie SE (4/1/83)	307.14	366.77	371.66	371.25	423,64 (21,17)	327.78 (28/1)
SINGAPORE Stynks Tiges ind. (20/12/66)	1062.52	1064,93	1070,02	1067.52	1177,97 04/0	833,6044/12
SOUTH AFRICA JSE Gold (20)9/789 JSE industrial (20)9/789	1213.04 1663.04	1214.0 1668.0	<u>1220.0</u> 1672.0	<u>1212.0</u> 1650.0	1451_0 (7/7) 1758_0 (20/7)	1154.0 (4/5) 1387.0 (12/2)
SPAIN Madrid SE CR0/12/859	278.91	27.56	278,20	276.18	301.63 (15/6)	225,50 (4/1)
SWEDEN Jacobson & P. (31/12/56)	3045.30	3019.20	3022.10	3023.70	3112.90 6/8	2148.5 (4/1)
SWITZERLAND Swiss Bank Ind. (31/12/50)	26.80	551.7	527	549.1	55ALD (6)80	466.6 (13/1)
WORLD M.S. Capital Incl. 0./1/707	. 60	443.6	440.1	459.7	465.2 (15/6)	401.0 (21/1)
Subject to efficial reta	iturday S Iculation	egt. 17:	Japan N	izkej (c)	and TSE (c).	

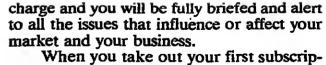
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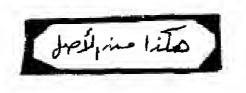
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# ... TWO COMMENTS FOR THE PRICE OF ONE

IRD

New York

The increased popularity of the Saturday edition of the Financial Times, with readers at home and abroad, reflects the continued development of the second section. The Weekend FT — includes features on personal finance, travel, property, and a whole range of leisure activities while the front section of the newspaper continues to cover the news in the traditional weekday way.

To obtain a copy of the Financial Times on Saturday, readers in the UK and Europe can order one from their nearest retailer.

# FINANCIAL TIMES ----- Europe's Business Newspaper-

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#### WORLD STOCK MARKETS

# **FINANCIAL TIMES**

Tuesday September 20 1988

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# AMERICA Equities fall sharply after last week's healthy rise

#### Wall Street

52

EQUITIES fell sharply at the start of a week which will see a substantial batch of data on the US economy. The share price losses appeared partly to reflect profit-taking after last week's gains and also some technical positioning after last Friday's expiration of leading futures and options contracts, writes Janet Bush in New York.

The Dow Jones Industrial Average dropped by nearly 30 points at one stage yesterday morning before recovering some ground to stand 22.23 points lower at 2,075.92 at 2pm. The fall came in modest vol-

ume of 81m shares hy midses-sion and most of the activity appeared to be between professionals rather than genuine selling by institutions. The US Treasury bond mar-ket traded quietly with prices

slipping slightly.

At midsession, prices were quoted up to  $\frac{1}{2}$  point lower at the long end of the yield curve and the yield on the Treasury's benchmark long bond rose to 9.04 per cent.

again.

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Tokyo

3000

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1000

500

nies' bus

SE Turnover (Million shares)

There was nervousness in the bond market about today's meeting of the policy-making Federal Open Market Committee, in spite of the prevailing view that, with signs that the economy's explosive growth is slowing, the Fed will not tighten monetary policy any further at this stage.

However there is a view that the Fed may well tighten policy again later this year, something which is keeping bond traders on the defensive.

Among the key indicators released this week are the second revision in second-quarter GNP today, which should show little change.

ASIA PACIFIC

Tokyo

Tomorrow sees the release of

THE Nikkei average managed to climb past the 28,000 mark

yesterday for the first time

since August 24, but ended the day at 27,901.00, up only 34.62 points, writes Michiyo Naka-

moto in Tokyo. It reached a high of 28,034.03

in morning trading, dipping

The market was a typical example of the so-called "morn-

ing glory phenomenon," said

consumer prices figures for August, expected to sbow a 60m of its common shares or 38 rise of 0.4 per cent to 0.5 per cent, as well as housing starts and personal incoma and expenditure for last month. per cent of its common shares outstanding. The company also said it was launching a programme of aggressive cost-cut-Angust durable goods orders lt was an eventful day for are due for release on Friday.

Yesterday morning's sharp fall on the equity market could not be traced to any particular piece of news or a clear change computer companies. Compaq dipped % to \$55%, displaying weakness along with other technology issues despite the launch of a personal computer. in sentiment. Unisys, which announced sev-Stocks analysts said the selleral mainframe computer mod-

ing was in reaction to last week's gain in the Dow index els about twice as powerful as the ones they will replace, fell of just under 30 points. Ail last week, the market displayed resistance to rising much above the 2,100 level, last \$% to \$32%. Elsewhere, Hewlett-Packard dropped \$% to \$48% and Cray fell \$1% to \$74%.

month above the 2,100 level, last breached in early August. Last month, the Dow gently drifted down to just below the 2,000 level before rallying again to 2,100 level month Reebok, the manufacturer of 2.100 last week. Mr Edgar Peters, senior port-

sports shoes, fell \$1 to \$11 in weakness which carried over from last Friday when the com-pany said that it expected to report lower earnings for the third quarter compared with 44 conts a chare a ther set folio manager at the Boston Co, said he believed that the market would remain in a narcents a share a year ago. Andio/Video Affiliates added row range, possibly between 2,000 and 2,100, until US inter-

\$1% to \$7% after news that it had agreed to be bought by a subsidiary of Citicorp for \$8.50 est rates started to come down He said he continued to believe that a number of india share. CNA Financial jumped \$2%

cators suggested that the bull to \$61% on rumours that market cycle was at an end and that the stock market Loews Corp may be consider-ing selling its 80 per cent stake. would enter a long-term decline. He said there was not much potential in the market

include the repurchase of up to

THE lower hullion price proved Among featured stocks was Liggett Group, which fell \$1% a blow to gold stocks in Toronto, and their losses led to \$11 after American Brands the market lower at midsesexecutives said they would not buy the company in order to head off a possible takeover sion The composite index was off

attempt by Mr Bennett Lebow, the New York investor who 8.8m share

lost C\$% to C\$19%. Among most actives, Canadian Pacific slipped C\$% to

restructuring which will C\$20%

The Stockholm bourse causing widespread alarm in its A shares to SKr160. Its gave a resounding welamong investors and industrialists at the thought of what come yesterday to the Social Democrats, who suc-ceeded in holding onto power in the Riksdag after Sunday's

general election with 43.7 per cent of the vote. Together with their tradi-tional allies, the small Comm-

nist party, the Socialist bloc 49.6 per cent of the votes while the Green Party failed to win enough seats to be in the position of holding the balance of power.

General enthusiasm over what is seen as a strong, stable raling party with favourable economic policies helped lift equities. Investors breathed a gh of relief over the result for the Green Party, which never-theless succeeded in entering Parliament for the first time. Opinion polls before the elec-

tion had suggested a much stronger result for the Greens,

#### **SOUTH AFRICA**

THE sharply weaker bullion price was countered again by a drop in the value of the finan-cial rand, leaving gold issues only slightly lower at the end of a outer sector. of a quiet session.

The financial rand finished at B4.0800 to the dollar yester-day against Friday's close of

Beatrix and Driefontein each shed 25 cents to R11.50 and R31.25 respectively. In mining financials, Consoli-dated Golds rose a further R1.75 to R73 on expectations it will sell its Sonth African

Anglo American's Minorco, rumoured as likely to be involved in any Cons Gold deal, gained R1 to R48.75, while the Rembrandt group, also mentioned in relation to any deal, held steady at

their environmental policies would mean for Sweden's blue The Veckans Affärer Total index jumped 11.8, or 1.1 per cent, to close at 1,097.9 yester-day - taken as a sign of confi-

Total turnover reached SKr286m worth of shares, higher than in the preceding weeks but still not at the levels dence in the economic policies of Mr Kjell-Olof Feldt, the attained earlier in the year. Finance Minister. The Stock Exchange's index see what happens next, but are expected to increase their activity in the next couple of of the top 16 stocks rose by 1.7

the market is obviously relieved with this solution," strong all day," said a broker at Haeggloef & Ponsbach. "The said an analyst at Svenska Handelshanken

elimination of the Greens from a power-broking position has obviously been considered very positive by the market as they Among blue chips, Asea saw its B free shares rise SKr7 to SKr352, while Saab Scania gained SKr6 to SKr200. won't be able to push through

Skandia International, the their revolutionary measures which would have hurt the forinsurance group, enjoyed a jump of SKr8, or 5.3 per cent, estry, construction and energy

#### EUROPE

**Foreign buying propels Frankfurt** 

Sweden

105

100

95

FT-A World Indices

in the Swedish markets, as

Bouygues, the leading con-

THERE were broad gains in Europe yesterday, except for Paris, which took a breather from last week's excitement, writes Our Markets Staff.

FRANKFURT pursued its gains of last week in lively trading as foreign and domes tic investors continued to show interest in blue chips, especially to the banking sector. The FAZ index at midsession progressed to 515.09, a gain of 7.8 points on Friday and of 5 per cent during the past six trading days. The DAX real time index also closed at a 1988

high, up 17.61 at 1,252.66. Turnover reached DM3.9bn wortb of domestic shares, higher than last week's greatly improved levels, with UK buy-ers emerging after many

weeks' absence. One trader warned that the strong rise made the market look slightly overheated, and that the sharp early setback on Wall Street yesterday might Wan Street yesternay might lead to a correction. But he added that West Germany looked cheap compared with other world markets and the FAZ was unlikely to fall back through the 500 level.

Among the strongest performers was Dresdner Bank, up DM16.50 at DM293. There were reports a buyer had been

picking up .25,000 to 50,000 London

shares a day through Switzer-land for the past few days. On Sunday a newspaper reported that Allianz, the insurance-group, had been buying Dresdner. The bank was the CONCERN over inflation and interest rates hit share prices and volumes, and the FT-SE 100 index lost 6.8 to 1,759.9. Speculative trading in such

Blue chips cheered by Greens' poll result

rise actually had more to do

with expectations that claims

from the hurricane disaster would be less than previously

supposed, rather than the elec-

stitutions are still waiting to

"The market has been very

Sara Webb looks at why Swedish investors are breathing a sigh of relief

tion news.

most active stock, with DM286m traded. stocks as Pearson and Consoli-dated Golds provided some Cars were mixed, with Daim-ler up DM5.20 at DM704.20 and VW losing 30 pfg to DM263.20 on rumours of an equity war-rant bond issue this week. excitement. ing the group well protected from predators. It also said it could be persuaded to sell its French rights to market and Bonds had an active session rising by up to 25 pfg. The yield on the August 1998 fed-eral bond eased to 6.59 per cent distribute Coca-Cola - at the

right price. from 6.62 per cent. PARIS chose to reflect on last week's hectic trading, with struction company, saw about 54,000 shares dealt, reviving

shares ending virtually unchanged in reduced volrumours of a possible manage-ment buyout. The stock eased FFr3.20 to FFr457.80. umes. The opening CAC General-index put on 2.1 to 366.6 and the OMF 50 index closed the Perrier and Bouygues moved into the limelight in terms of strong demand, taking over the

session at 369.60, off just 0.04.

90 85 80 75 Source; Jointly compiled by the Financial Tense, Goldman, Sachs & Co. and Wood M on of Actuarian and the Feculty of Actuaries & Co. Lid. in conjunc well as tax reform. Brokers also expressed their optimism over a possible elimi-

LICER CUTIENCY

115 110 Local currency

Svenska Handelsbanken was nation of the turnover tax on shares for foreigners, and a continuation of the process of deregulation and liberalisation

bullish in the short-term but warned that to the long-term developments looked uncertain, particularly regarding inflation and high wage costs.

Generali closed at IS9.680 a gain of L1,260 on the basis of a nominal Friday close of L38,420 - the equivalent of the actual share price under the new

share structure - but fell back to 1.39,250 after hours. It was helped by speculation that 10-20 per cent of the rights will not be subscribed to and will thus be available for trad-

ing, leaving open the possibil-ity of a raider building up a stake, one analyst said. BRUSSELS powered forward on continued heavy demand

for Tractebel, the energy and engineering holding company. The forward market index climbed to a new high for the year of 5,354.37, up 75.89.

AMSTERDAM had a thin day, easing from its highs after Wall Street's weak start. The CBS all-share index added 0.1 to 96.4, with many investors sidelined for today's Budget.

Publisher-Elsevier came off 20 cents to F1 59.80 after opening 20 cents higher following last week's share swap with Pearson of the UK.

Retailer Ahold added 40 cents to FI 82.50 after its 12 per cent higher second quarter profits on Friday. Leisure stock Center Parcs added 50 cents to F1 69.20 after reporting higher first half profits of F1 17.4m.

forward

as of June 30, 1988

**BV** – moving

Bayerische Vereinsbank Group

1988

**Highlights of** 

(in bn. DM)

30.6

32.0

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153.4

spot from last week's darling,luxury goods group LVMH. Perrier saw about 70,000 shares traded, rising FFr2 to FFr1,100, amid speculation that one of the controlling family members wants to sell his stake. Fellow drinks group Pernod, which climbed FFr10 to

MILAN made a strong start to the new monthly trading account, with shares boosted by the launch of the LL100hn Generali rights issue. The Comit index gained 7.08, or 1.4 per cent, to 526.13, with about 1 per cent of the rise attributed FFr1,065, said 45 per cent of the company's capital was conto buying on the new account. Volume was said to be similar to Friday's improved L148bn. trolled by the directors, mak-

on a strong footing. Nippon Steel was the most heavily traded issue at 181.5m shares, advancing Y12 to Y785. NKK, the second most heavily traded issue at 101.9m shares, news. HONG KONG suffered from rose Y16 to Y763. Kawasaki its lowest turnover for over Steel, third busiest with 96m shares, was up Y16 at Y820. two years, with just HK\$230.5m worth of shares traded, and equities ended the day weaker.

Nippon Telephone and Tele-graph (NTT), the nation's larg-

R17.30. **Profit-taking eats into early gains** 

16 at 3,245.8 in light turnover of

in golds, American Barrick lost C\$% to C\$8%, LAC slipped C\$% to C\$11% and Echo Bay

controls Liggett. American Brands was up \$% at \$51% in midsession trading. CSX added \$3% to \$30% after

the company announced a

Canada

later to a low of 27,883.88.

Mr Cbuck Lambert of SBCI Securities (Asla). After climbing nearly across the board in the morning, share price gains shrank in the afternoon on rapid profit-tak-ing, with the notable exception of paper pulp stocks, which were the main gainers.

were the main gainers. The number of shares falling outnumbered those rising by 439 to 405, while 187 issues were unchanged. Volume was down slightly to 1.05bn from Friday's 1.13bn. In later trading in London the ISF (Nikkai in London, the ISE/Nikkei index added 3.76 to 1,825.06.

In Tokyo, large capital steels and shipbuildings supported by leading securities houses also posted gains, but their strength failed to rub off on other

The improvement in volume since the end of last week reflects increased participation of fund managers, as they enter their new financial terms, but most analysts agree thet activity has yet to show

real strength. Among paper companies, Oji Paper increased Y50 to Y1,450 while Honshu advanced Y58 to

0 est telecommunications enterprise, which announced a cntback in the number of Jul 1988 Sep Y828 in heavy trading. Jujo

Daily average volume

1.052 million

first 6 months of 1988

White P

shares being offered to the public in a third tranche, added only Y30,000 to Y2.23m. Paper gained Y50 to Y985. The strength of paper pulps was ostensibly based on good The number of shares was reduced from 1.95m to 1.5m as earnings and land assets. Many

paper companies announced profit increases arising from better sales of high quality paper. Several of those compa-nies also have considerable the Ministry of Finance judged that the large offer would have further dampening influences on the market. In Osaka, equities were active, with volumes rising to land assets, particularly Hon-shu Paper, which owns land in metropolitan Tokyo. 136m shares compared with

106m on Friday. The OSE aver-age lost ground, falling 12.98 to 26,637.43 on profit-taking. But the underlying strength of the paper pulp companies seems to stem this time from news that the Emperor of Japan, at age 67, is unwell. The advent of a new emperor would

Nippon Steel led the Osaka market in volume terms, with 35.4m shares, followed by Kawasaki Steel with 14.1m. Nippon Steel gained ¥16 to ¥787 while Kawasaki increased necessitate the printing of new forms and documents and consequently boost paper compa-Y23 to Y825. The bond market in Tokyo

Printing companies also gained on the same news. suffered from a continuing lack of activity but the benchmark Dainippon Printing rose Y30 to Y2,650 while Toppan Printing rose Y30 to Y1,930. government 105th bond saw small-lot buying in the afternoon as the yen turned slightly

The volume leaders, bow-ever, were once again the large stronger.

The yield on the benchmark

The Hang Seng index shed 11.24 to 2,447.58 in bearish sentiment. Volumes were the smallest since July 14, 1986, when HK\$204.7m worth of

shares changed hands. Hutchison topped the active list, closing steady at HK\$8.10, followed by Swire A, which gained 13 cents to HK\$16.90. Cheung Kong was unchanged at HK\$7.

SINGAPORE was also quiet, with little news to stimulate trading. The Straits Times industrial index lost 2.41 to 1,062.52.

Turnover fell to 11.5m shares from 15.3m on Friday, with investors ignoring the small gains in Tokyo and New York. A few Singapore-based blue chips and trustee stocks registered modest losses, and activ-ity continued to focus on Malaysian speculative stocks

AUSTRALIA lost ground as leading gold and mining stocks followed the bullion price lower. The All Ordinaries index

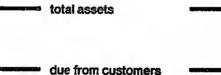
dropped 20.4, or 1.3 per cent, to 1,539.5.

FT-ACTUARIES WORLD INDICES

Jointiy compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND Regional Markets		FRIDAY	SEPTEMBE	R 16 1988		THURSD	AY SEPTEMS	ER 15 1988	D	OLLAR INS	EX
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)
Australia (85)           Austral (16)           Beiglum (63)           Canada (126)           Denmark (39)           Finland (26)           France (128)           West Germany (100)           Hong Kong (46)           Ireland (18)           Italy (100)           Japan (456)           Mexico (13)           Netherland (38)           New Zealand (20)           Norway (25)           Sundh Africa (60)           Spalin (43)           Sweden (35)           Uhited Kingdom (322)           Uhited Kingdom (322)	118.11 124.69 94.37 77.86 99.99 127.55 69.89 160.27 138.50 153.18 102.79 71.43 111.60 121.89 101.18	-0.1%2.2211777.0244.907759.2544.9	125.78 76.85 103.19 104.51 110.33 102.83 88.50 68.90 88.48 112.87 61.84 141.82 122.55 135.54 90.96 63.20 98.75 107.86 89.53 121.10 101.76 66.45 109.02 97.82	118.56 84.70 114.60 122.14 108.29 94.41 75.94 100.25 125.55 73.02 136.01 141.94 382.35 99.34 62.25 104.78 114.78 \$7.59 129.75 110.36 73.72 109.02	3.97 2.47 3.25 2.44 1.59 3.43 2.44 4.86 0.54 3.79 2.75 1.42 2.75 1.42 2.86 0.54 4.81 6.13 2.89 2.32 4.90 3.489 2.32 4.74 5.93 2.32 4.74 5.93 2.32 4.74 5.93 2.43 4.90 3.45 5.93 2.32 4.90 3.45 5.93 2.32 4.90 3.45 5.93 2.32 4.90 3.45 5.93 2.32 4.93 3.45 5.93 2.45 5.93 2.45 5.93 2.45 5.93 2.45 5.93 2.45 5.93 2.45 5.93 2.45 5.93 2.45 5.93 2.75 2.45 5.93 2.75 2.45 5.93 2.75 2.45 5.93 2.75 2.45 5.93 2.75 2.45 5.93 2.75 2.45 5.93 2.75 2.45 5.93 2.75 2.45 5.93 2.75 2.45 5.93 2.75 2.45 5.93 2.75 2.45 5.93 2.75 2.45 5.93 2.75 2.45 5.93 2.75 2.45 5.93 2.75 2.45 5.93 2.75 2.45 5.93 2.75 2.45 5.93 2.75 2.35 2.45 5.93 2.45 5.93 2.45 5.93 2.45 5.93 2.45 5.93 2.75 2.35 2.35 2.35 2.35 2.35 2.35 2.35 2.3	143.07 86.72 115.74 117.91 124.49 94.26 77.77 100.57 128.46 70.57 128.46 70.57 128.46 109.73 122.51 104.15 136.63 115.53 75.41 123.69	126,26 76,53 102,14 104,06 109,86 83,18 68,63 88,82 113,36 62,28 141,73 122,65 134,61 91,54 63,88 108,11 91,55 109,16	119.23 84.43 113.60 104.47 122.03 108.08 94.22 75.79 100.92 126.35 73.63 135.63 142.33 142.33 142.33 142.33 142.33 142.33 142.33 142.33 142.33 142.33 142.33 142.33 142.35 145 14	152.31 98.18 139.89 128.91 132.72 139.53 99.62 80.79 111.86 144.25 81.74 177.27 154.17 154.17 110.66 84.05 132.23 135.89 139.07 164.47 125.50 86.75 141.18	91.16 83.72 99.14 107.06 111.42 106.78 72.77 67.78 84.90 104.60 133.61 107.83 64.42 95.23 64.42 97.99 101.15 130.73 96.92 74.13 120.66	180.26 100.26 127.98 135.04 118.24 115.76 101.89 145.81 143.50 88.75 142.53 177.01 375.03 124.19 138.87 184.40 164.13 182.45 165.14 129.27 108.78 158.01
Europe (1008) Pacific Basin (669) Euro-Pacific (1677) North America (706) Europe Ex. UK (686) Europe Ex. UK (686) World Ex. UK (2134) World Ex. UK (2134) World Ex. So. Af. (2396) World Ex. Japan (2000) The World Index (2456)	101.75 157.15 135.00 110.94 88.29 119.62 134.09 125.09 125.06 107.97 124.91	77777777777777777777777777777777777777	90.03 139.06 119.46 98.17 78.13 105.85 118.65 110.69 110.66 95.54 110.53	95.44 133.87 118.55 110.21 87.14 107.04 117.88 115.50 104.84 115.31	3.86 0.75 1.70 3.59 3.14 4.24 1.77 2.15 2.37 3.72 2.38	102.01 157.52 135.32 110.03 88.42 120.41 134.43 124.88 124.89 107.59	96.72 90.02 139.01 119.42 97.10 75.03 106.26 118.63 110.21 94.95 110.10	109.60 95.52 133.56 118.39 109.30 87.19 107.66 117.73 115.49 115.07 104.37 114.88	112.47 110.82 172.26 147.53 113.29 92.99 128.27 146.49 131.77 132.39 112.43	99.19 97.01 130.81 120.36 99.78 80.27 87.51 120.26 111.77 113.26 100.00 113.37	128.68 128.88 144.08 138.05 129.02 110.78 163.32 138.58 132.43 134.39 134.39 134.39

: Dec 31, 1966 = 100; Finland: Dec 33, 1987 - 115,037 (US 5 Index), 90,791 (Pound Sterling) and 94.94 (Local) The Financial Times, Goldman, Sachs & Co., Wood Machanale & Co. Ltd.1987 le for this edition



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